Daily Report

Latin America

FBIS-LAT-93-155
Friday
13 August 1993

Daily Report
Latin America

FBIS-LAT-93-155 *13 August 1993*

CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTER-AMERICAN AFFAIRS

Callejas, Endara Sign Joint Declaration *[Panama City ACAN]* 1
Mercosur Legislators Evaluate Integration Process *[ABC COLOR 12 Aug]* 1

CARIBBEAN

Cuba

'Straight Talk' on U.S. Immigration Policy *[Havana Radio]* 3
Gaviria Terms Talks With Castro 'Useful, Open, Sincere' *[Havana Radio]* 4
Castro Discusses Exile Groups at News Conference *[Havana Radio]* 5
Castro in South America Seen as Harbinger of Hope *[Havana Radio]* 5
Tobacco Union Official Describes Production Efforts *[Havana Radio]* 5
'Socialist' Production, Management System Examined *[Havana TV]* 6
Standing Committee Officers Named *[Havana Radio]* 7

Inter-Caribbean Affairs

Dominica Defends Ties With Cuba as Self-Protective *[Bridgetown CANA]* 7

Haiti

National Coalitian Says UN, OAS Mission Unconstitutional *[Port-au-Prince Radio]* 7
Civilian Mission Condemns 'Arbitrary Executions' *[Port-au-Prince Radio]* 8
Legislators To Meet Aristide on PM Ratification *[Port-au-Prince Radio]* 8
Deputies Laguerre, Jean-Baptiste Attacked 7 Aug *[Port-au-Prince Radio]* 9
Bissainthe Seeks Departure of Despouys, Civilian Mission *[Port-au-Prince Radio]* 9

St. Kitts and Nevis

British House of Commons Delegation Visits *[CANA]* 9

MEXICO

President Salinas Calls Special Congressional Sessions *[Mexico City TV]* 10
More on Rejection of U.S.-Canadian NAFTA Plan *[Mexico City TV]* 10

CENTRAL AMERICA

El Salvador

FRS Says Attacks on U.S. Soldiers To Begin 13 Aug *[San Salvador TV]* 11
ARENA Deputies Say FMLN Members Could Be Extradited *[EL MUNDO 10 Aug]* 11
ARENA Candidate Rejects Revoking FMLN Party Registration *[DIARIO LATINO 10 Aug]* 11

Guatemala

Financial Cooperation Agreement Signed With FRG *[PRENSA LIBRE 11 Aug]* 11

Honduras

Deputy Reports Status of Intellectual Property Rights Bill *[Tegucigalpa Radio]* 12

Nicaragua

Devaluations Foreseen If U.S. Aid Suspension Continues *[Managua Radio]* 12

Panama

Co-op Allegedly Involved in Money Laundering *[EL PANAMA AMERICA 12 Aug]* 13
Officials Answer U.S. Remarks on Drugs, Money Laundering *[Panama City TV]* 14

SOUTH AMERICA

Argentina

Former Deputy Returns From Cuba; Differs With Menem *[NOTICIAS ARGENTIANS]* 15
UCR Registers 'Harsh Opposition' to Constitutional Reform *[NOTICIAS ARGENTINAS]* 15
Di Tella on Condor-2 Program, Falklands Committee *[NOTICIAS ARAGENTINAS]* 15
Commander for Cyprus-Bound UN Battalion Named *[NOTICIAS ARGENTINAS]* 16
Ex-Ambassador to Honduras Stripped of Credentials *[BUENOS AIRES HERALD 12 Aug]* 16

Brazil

Current Status of Economic Plan Reviewed *[O ESTADO DE SAO PAULO 8 Aug]* 16
Military Plans Largest Amazon Exercises 'Ever' *[O GLOBO 11 Aug]* 17
Franco Announces He Considers Justice Minister Case Closed *[O GLOBO 11 Aug]* 18
Acre Governor Supports Deforesting 20 Percent of State *[O ESTADO DE SAO PAULO 8 Aug]* ... 18
Telecommunications Agreement Signed With Portugal *[Brasilia Radio]* 18
* Bacha Views Goals of Immediate Action Program *[EXAME 7 Jul]* 19
* Projected 3.5 Percent GDP Growth Discussed *[VEJA 7 Jul]* 21
* Military Seek Political Role Through Elections *[CORREIO BRAZILIENSE 4 Jul]* 22
* Braspetro To Expand Drilling Operations Abroad *[GAZETA MERCANTIL 6 Jul]* 23

Chile

Special Judge Named To Probe Torture Charges *[Santiago Radio]* 24
Chilean Army Communique Reports Dynamite Attack *[Madrid EFE]* 25

Colombia

Gaviria Speaks on Economy, Drugs *[Santa Fe de Bogota TV]* 25
Gaviria Says U.S., Cuba Must Change Attitudes *[Madrid EFE]* 29
Changes in Cuban-U.S. Relations *[Santa Fe de Bogota TV]* 29
Bomb Explosions in Medellin Suburb Injure 5 *[AFP]* 29
Liberal Party President on Election Issues *[Santa Fe de Bogota TV]* 30
Senate Ratifies Presidential Designate Juan Manuel Santos *[Santa Fe de Bogota TV]* 32
Correction to M-19 Leader on Situation in Colombia 32

Paraguay

Wasmosy Supports Presence of Opposition in Public Posts *[ABC COLOR 11 Aug]* 33
Laino Comments *[ABC COLOR 11 Aug]* 33
Army Commander Says No More Congress-Military Dialogue *[ABC COLOR 11 Aug]* 34
Call for Civilian-Military 'Harmony' *[HOY 12 Aug]* 34
Economic Agreements Signed With Germany, Hungary *[ABC COLOR 12 Aug]* 35
Editorial Praises German Envoy's Remarks *[HOY 11 Aug]* 35
Bulgarian Political Leaders Meet Local Politicians *[NOTICIAS 12 Aug]* 36
Air Force Receives 'Controversial' Chilean Trainer Aircraft *[NOTICIAS 12 Aug]* 36
Central Bank President Resigns; To Become Consultant *[ABC COLOR 12 Aug]* 36
Pros, Cons of Paraguay, Parana River Waterway Debated *[ABC COLOR 11 Aug]* 36

Peru

Joint Communique Issued After Bolivian President's Visit *[EL COMERCIO 31 Jul]* 37
Investments Promotion Agreement Signed With Bolivia *[EL COMERCIO 31 Jul]* 38
PRC Delegation Discusses Investment With Fujimori *[Lima TV]* 39
APRA Minister Admits 'Mistakes' in Handling of Public Funds *[EL COMERCIO 4 Aug]* 39
Examining Court To Decide on Fraud Case Involving General *[EL PERUANO 3 Aug]* 39
Army Reportedly Pressures Military Justice on Salinas Case *[CARETAS 5 Aug]* 39
Former DEA Agent Reveals Military Protection to Drug Traffickers *[EXPRESO 2 Aug]* 40
Police Issue Poster With Updated Photographs of Terrorists *[EXPRESO 30 Jul]* 40
Libertad Movement Secretaries Resign Over Disagreements *[CARETAS 5 Aug]* 41
Increased Jul Inflation Rate Figures Create Concern *[CARETAS 5 Aug]* 41

Uruguay

General's Punishment in Spy Case Considered 'Insufficient' *[Montevideo Radio]* 41
Argentine 'Protectionist' Measures Increasing Trade Deficit *[LA MANANA 4 Aug]* 42

Venezuela

Suspended President Perez Blames Extremists for Attacks *[AFP]* 43
Former Security Official Denies Charges *[Caracas TV]* 44
Officials on Special Powers Law, Gas Project Law *[Caracas TV]* 44
Court Decides Ex-President Lusinchi Can Be Tried *[Caracas TV]* 44

Callejas, Endara Sign Joint Declaration

PA1208231093 Panama City ACAN in Spanish 1925 GMT 11 Aug 93

[Text] Tegucigalpa, 11 Aug (ACAN-EFE) --Honduran President Rafael Leonardo Callejas and Panamanian President Guillermo Endara reaffirmed on 11 August in a joint declaration their solidarity in defending democratic institutions on the American continent.

Endara's two-day official visit to Honduras concluded with the signing of the declaration. During his visit he met with Callejas and local politicians, businessmen, and members of the Judicial Branch.

Callejas and Endara reiterated their support for the rule of law and the principles of democracy with full participation and free determination of the peoples, as well as the need to develop multilateral mechanisms to strengthen the stability of the democratic system of government.

They also voiced their satisfaction over the results of the Third Ibero-American Summit held last July in Salvador, Brazil, a meeting which they deemed constituted the appropriate forum to exchange knowledge and experience on governing and economic, cultural, and technological development.

This kind of exchange will be fully reaffirmed in 2000 when Panama takes total jurisdiction and sovereignty over the Panama Canal area and will be the site for the summit of heads of state and government of the Ibero-American community.

The presidents pointed to advances in the peace, disarmament, and reconciliation process in Central America and supported Guatemalan President Ramiro De Leon Carpio in his search to resume dialogue with the guerrillas of that country to end the armed conflict.

For Panama and Honduras the existence of the Free Trade Treaty for Preferential Exchange is important as an instrument to promote commercial exchange. For that reason, the two leaders stated their purpose of supporting the execution and updating of the Economic Action Plan.

The two leaders reiterated their willingness to help consolidate the institutional nature of the Central American Integration System (SICA) and the Secretariat of Central American Economic Integration (SIECA) as the pillars of the regional integration process.

In addition, Callejas invited Endara to consider the advisability for "Panama to join the Central American Bank of Economic Integration (BCIE)" soon.

Callejas and Endara agreed to coordinate efforts in seeking joint actions with the other Central American countries for the purpose of facing and overcoming the adverse impact of the protectionist measures imposed by the EC on Latin American banana exports and the drop in coffee prices on the international market.

They voiced their concern over the increase in the illicit traffic and abuse of drugs and psychotropic substances and their conviction that this and other crimes call for a concerted and coordinated effort through legal mutual assistance treaties signed by the United States and SICA.

They deplored the deterioration of the environment and also pointed to the relationship between the preservation of the ecological system and the social and economic development of their countries.

They noted it is important for the Panamanian and Honduran private sectors, as well as for the rest of the isthmus, to participate more fully in the new phase of the integration process.

Panama will provide Honduras with the appropriate technical and legal assistance pertaining to the process currently in effect to modernize the Honduran Merchant Marine System Law.

Honduras, in turn, will provide Panama with assistance in reforestation and agriculture.

Callejas and Endara pledged to exchange information on Honduras' experience with industrial processing plants and Panama's experience with the development of a modern and dynamic financial system.

The cooperation will be extended to tourism and the strengthening of the comptroller general's offices so that they may carry out their mission of "overseeing the correct economic and effective administration of public resources and developing programs to fight corruption."

Mercosur Legislators Evaluate Integration Process

PY1208202593 Asuncion ABC COLOR in Spanish 12 Aug 93 p 7

[Text] The two-day meeting of legislators from Argentina, Brazil, Uruguay, and Paraguay held in Congress concluded yesterday with the ratification of the congressional desire to contribute to the development and consolidation of the integration process of the four countries.

The congressmen from the Mercosur [Common Market of the South] countries released a declaration indicating: "The integration process advocated by the signatory countries of the Asuncion Treaty has as its main objective the happiness of our people."

The declaration adds: "This means respect for labor rights in all four countries. The executive powers are reminded about the faithful implementation of ILO [International Labor Office] Agreement 97 on immigrant workers, by which the states will verify that the treatment of foreign workers is not less favorable than that accorded to nationals."

In the second point, the legislators agreed "to call the subcommissions of industrial and technological policy, for a meeting in Brazil; of energy policy, for a meeting in

Uruguay; of labor policy, for a meeting in Argentina; and of environment, for a meeting in Paraguay. They will have to submit their conclusions in the meeting to be held in the first half of November in Montevideo, Uruguay."

An issue that was absent during the meeting was the conflict with the Argentine Government over the deviation of the Pilcomayo River. In this regard, no comments were made either by Paraguayan or Argentine legislators. But discussions were held on discrimination against Paraguayan immigrants in Argentina due to the new protectionist measures adopted by the Carlos Menem government.

Cuba

'Straight Talk' on U.S. Immigration Policy

FL1208211193 Havana Radio Rebelde Network in Spanish 1600 GMT 12 Aug 93

["Straight Talk" program with Roberto Gili of PRENSA LATINA and correspondents Luis Esteban Rodriguez and Juan Carlos Roque Garcia—live or recorded]

[Excerpts] [Gili] Friends, I know of a Cuban woman, who is unable to even think of living outside Cuba; a country that today is beset with shortages and limitations. Yet, I have seen that same Cuban woman cry at times when she remembers certain relatives and friends, who decided to emigrate to the United States following the triumph of the 1959 Revolution. I know very well that she is not alone; that hers is not the only case. Like her, thousands of Cubans have felt the absence of loved ones, who one day, in order to, quote, live better, unquote, turned their backs on those who remained on the island to cast their lots with Fidel Castro.

No one doubts that emigration is a practice as ancient as civilization itself. Man was formed in the course of his movements from one part of the world to another. However, in the case of Cuban emigration, particularly after 1959, the phenomenon took on extra-economic dimensions to the point of affecting politics and ideology from the surface to the very core.

[Correspondent] The emigration of Cubans to the United States is our topic today. In general, Gili, what is the motive for emigration?

[Gili] It is generally acknowledged that the main cause of migrations has been wars [words indistinct], or religious wars. Some people leave their place of birth because of hunger or natural phenomena, lack of jobs or perhaps because of a lack of investment in social programs. A not-too-negligible number go to other parts of the world under the influence of an illusion, an endemic disease afflicting emigrants, or with an interest in conquering what, today, we call the First World: the consumer society, the false lure of gold, the desire to be part of that world even if they first have to drop anchor—as a friend of mine puts it—in the suburbs of some large city. [passage omitted giving U.S. statistics on number and origin of illegal aliens]

Emigration has taken on a greater dimension. Today, it is seen as a prosperous business, as you know, for a new kind of coyote [name given to individuals who guide illegal immigrants to the United States], who, in the case of the illegal departures from Cuba, charge as much as $5,000 to pick up a person off the coast, or $10,000 if the pick-up is on land, even though the distance between Havana and Florida, the southernmost U.S. state, is only 90 miles.

[Correspondent] Since you mention Cuba, it would be interesting for you to give details about Cuban emigration to the United States.

[Gili] Yes, I am discussing that point. The kind of businessmen I am talking about are also called entrepreneurs, speculators, (?people) smugglers, and even 20th-Century slave traders. Can you imagine?

[Correspondent] On 18 June in the United States, U.S. President William Clinton said that his country abhors traffic in human beings. He stated his firm determination to combat that illegal activity, but the coyotes persist in making him look bad. Analysts of the Center for U.S. Studies here in Havana maintain that, at this time, the present U.S. Cabinet, by failing to establish its own policy toward Cuba, has left room for internal debate on whether or not the type of relations that exist between the two nations should be changed. It would be interesting for you to comment on the official Cuban Government position and how it differs from the Clinton administration's position.

[Gili] Well, while Cuban authorities feel that the way the U.S. Government has handled the issue has been due to a lack of maturity, reflection, common sense, responsibility, and competence on the part of U.S. authorities, it is vox populi in the United States that President George Bush used Cuban emigration as a political platform for his reelection, as you know, with promises such as being the first U.S. President to stand in a free and democratic Cuba. Destiny apparently treated him foully with William Clinton's victory.

On the other hand, the immigration issue is an important factor in the improvement of relations between Cuba and the United States to Reverend Jesse Jackson, a candidate for the vice presidency of the United States, as he said during a visit here. An incident that defines Washington's policy on Cuban immigration occurred in 1991 when 161 Haitians, who were travelling illegally to the United States rescued two Cubans on the high seas. The Cubans were trying to cross the Florida Straits on a raft made from the tube of a tractor tire. The two Cubans were cordially received by immigration authorities in Florida, but the Haitians were turned back. Of course, the report caused shock waves from political circles to the U.S. Government. No warning has been issued against Cubans so far; no Cuban is kept at Guantanamo Base, as is done with Haitians. This was mentioned by our colleague (Peter Slaver) of the MIAMI HERALD just one week ago. [passage omitted quoting U.S. sources on immigration policy]

The reason for this is the existence of the so-called Amended Cuban Refugee Act issued in 1986, which gives preferential treatment to Cubans over Haitians, Chinese, Nicaraguans, Mexicans, and people of other nationalities. Other regulations and norms applicable to these cases, which have existed since the Second World War have expired, but as we can see, the particular section that applies to Cubans has survived hurricanes,

time, and presidents. [passage omitted citing U.S. official comments on the Cuban Refugee Act]

Last year, the U.S. State Department granted visas to 4,356 prospective immigrants in Havana.

[Correspondent] That is a very low figure compared with what the United States had promised.

[Gili] Exactly. This figure represents only 45 percent of what the U.S. administration pledged. I can tell Rebelde listeners more. The primary reason for the notable increase in requests for visas in Havana to travel to the United States in recent years was the Cuban Government's decision in 1990 to gradually reduce the minimum age at which a Cuban citizen is allowed to travel to that country.

In 1988, a total of 3,681 Cubans received visas. In 1990, two years later, when the age ceiling for travel was reduced to 60, 38,380 Cubans were granted visas.

[Correspondent] You are referring to those who went on visitors' visas.

[Gili] Exactly, those who went for a visit. Later, it was reduced to 45 years old for women, and 50 years for men; and in 1992, last year, the ceiling was reduced to 20 years except for in humanitarian emergencies.

[Correspondent] Representatives of certain anti-Cuban organizations based in Miami maintain that emigration has become an escape valve for the Cuban Government and more than a few U.S. strategists portray those who come to U.S. territory from Cuba as a loss for the forces of change in this country. They say it is to Fidel Castro's advantage to open the doors occasionally.

[Gili] Of course, that is partly true, although not entirely true because the whole truth is that Cuba has had an open-door policy for years, as official Cuban media have indicated. There is the case of (Guillermo Fontane), a former political prisoner, who has been denied a visa by U.S. authorities.

[Correspondent] It is not just one case. There are several like him.

[Gili] There are some 1,500 cases; some 1,500 cases of former so-called Cuban political prisoners being denied visas. (Fontane) and two other former prisoners staged a hunger strike in 1990 to protest the policy of the U.S. Interests Section. I have heard from a colleague that they have contacted the international press accredited in Havana to promote their case again.

[Correspondent] We have not spoken of the rafters.

[Gili] Indeed. That is something that cannot be hidden. I can tell you that from January to May, 1993—in other words, during the first five months of this year—U.S. Coast Guard boats picked up 869 rafters in the Straits of Florida, the highest number for that five-month period of time since 1983, according to statistics officially released by the Coast Guard in the United States. The number of rafters rescued alive in 1992 was 2,557, according to that same source. That is just one aspect of the matter.

Another point that I would like to touch upon is that, as is known, three U.S.-registered boats were recently seized. They were attempting to take Cuban citizens from Cuban territory to Florida.

[Correspondent] The case of the Midnight Express.

[Gili] Exactly. In the opinion of Cuban authorities, this is a case of groups being involved in the smuggling of humans. So far this year, 17 other boats have been stopped. However, it is believed that this is only the tip of the iceberg, because there could obviously be many more. In the case known as the Midnight Express incident, three people were killed and 10 injured, including the ship's captain, Ricky Hoddinott, a U.S. citizen. As you know, this is part of the cost of illegal emigration.

[Correspondent] I would ask: Do you know what avenues are used to send messages to contact these groups?

[Gili] It is known publicly that coordination for illegal pick-ups is carried out through letters, telephone calls, and emissaries. There are some quote, travel agents, unquote, who come to Cuba and take advantage of their positions as foreign tourists here to organize the departure of groups, having received advance payment in Miami.

[Correspondent] The topic merits another program. This was "Straight Talk" with Roberto Gili of PRENSA LATINA on the emigration of Cubans to the United States. Do you agree to be here with us tomorrow?

[Gili] I will be here.

[Correspondent] Thank you.

Gaviria Terms Talks With Castro 'Useful, Open, Sincere'

FL1308132393 Havana Radio Rebelde Network in Spanish 0900 GMT 13 Aug 93

[Text] Colombian President Cesar Gaviria has described his recent talks with his Cuban counterpart, Commander in Chief Fidel Castro, in Cartagena de Indias as useful, open, and sincere. Gaviria added that in his talks with the top leader of the Cuban Revolution during Castro's visit to Colombia, the two presidents discussed, among other topics, the need to find a negotiated solution to the conflict existing between the United States and Cuba.

Gaviria said he will meet again with Castro as often as is needed. He also dismissed the possibility that Washington will take reprisals against him or his government because of his talks with the president of the Cuban Ministries of State and of Ministers.

Meanwhile, it was learned that over 1,500 people attended a ceremony held at the University of Bogota to

inaugurate a new campaign of solidarity with Cuba, the largest island in the Antilles. Among those attending the ceremony was presidential candidate Antonio Navarro Wolff, as well as Colombian legislators, political leaders, labor activists, and intellectuals.

Organizers of the solidarity movement with Cuba will collect school supplies, food, medicines, and other products needed by the Cuban people, who are undergoing a special period because of the U.S. blockade.

Castro Discusses Exile Groups at News Conference

FL1208134793 Havana Radio Progreso Network in Spanish 1100 GMT 12 Aug 93

[Text] At the news conference held in Cartagena de Indias, Colombia, Commander in Chief Fidel Castro reiterated that Cuba will resist as long as is necessary, making use of our people's courage and heroism. At the same time, he insisted that, rather than socialism, it is capitalism which has failed, because from capitalism emerged underdevelopment and neocolonialism, and this is the reason 80 percent of mankind lives in poverty.

Asked whether, in the coming years, he intends to continue in Cuba, or [whether] elsewhere—the leader of the Revolution said that since he has had the privilege of having been born on the island, he would like to have his bones rest there, and that that is most probably the way things will be, because as long as he has the strength to move those bones, he will not give up the struggle.

As to his willingness to receive members of the Cuban community in the United States so as to establish a dialogue, Fidel said that one must make a distinction as to who is meant, because a large part of this community is, like the Mexicans, Puerto Ricans, Haitians and others, people who have emigrated for economic reasons. He added that, on the other hand, he would not meet with the U.S. Central Intelligence Agency's people or people from among the counterrevolutionaries who support the blockade and want to subdue the Cuban people through hunger and lack of medicines.

Castro in South America Seen as Harbinger of Hope

FL1208203593 Havana Radio Rebelde Network in Spanish 1700 GMT 12 Aug 93

[Report by special correspondent Felix Fernando Garrido]

[Text] Fidel's trip through South American countries is over. The most important thing: the way the peoples of Latin American, first in Brazil and now in Bolivia and Colombia, are showing an increase in solidarity with Cuba, an increase in solidarity with an anti-imperialist position, and even demonstrating that they are amazingly well informed about our reality, particularly when we know how all the information regarding current Cuban events is manipulated and distorted by the transnational media.

And of course, the figure of Fidel as the leader of hope; leader of what Latin Americans, in their eagerness for social peace, equality, and progress, hold dear.

In La Paz, Fidel was declared an illustrious guest. He was given the titles of honorary Ph.D. and professor of the Greater University of San Andres, the title of honorary member of the Bolivian Press Union, and received the golden keys to the Bolivian capital. These were, among others, events and moments particularly moving for Fidel, who received these honors proudly in the name of the Cuban people.

Then, in Santa Cruz, Bolivia's easternmost department, this identification intensified; and in Colombia, as you know, the tour ended just a few hours ago.

Fidel, himself, commented to the Cuban press: In our opinion, Foreign Minister Roberto Robaina's proposal, or idea, for the commander in chief to make this trip surpassed every expectation and raised the image of Cuban dignity, patriotism, and resistance high above the American Andes, over the peak of the tall mountains, where as a permanent flag of sovereignty, it is waved by millions of hands of solidarity.

Tobacco Union Official Describes Production Efforts

FL1208205193 Havana Radio Rebelde Network in Spanish 1700 GMT 12 Aug 93

[Interview with Osvaldo Encarnacion, director of the Tobacco Enterprises Union, by Carlos Santana Ojeda; place and date not given—recorded]

[Text] [Santana] How much does this affect production?

[Encarnacion] Production has been affected approximately 50 to 55 percent every day. The major setback had been in the last 20 days.

[Santana] What short-term solution is foreseen?

[Encarnacion] We have been working and are working hard to guarantee at least the basic and extra quotas. This means that we need to produce 40 million cigarettes a day. We continue to work with the comrades of the Electric Enterprise. Right now we are being protected against even more outages. We already have protection in Ranchuelo and Trinidad. Here in Havana, certain shifts are being organized in accordance with the power currently available. We also took the measure of suspending workers' vacations. In other words, workers with July and August vacations were told they cannot take it because we must continue working. We have had a very positive response from the workers. They have come to work, although at times they come and there is no electricity.

All the factories are operational. We continue working to stabilize production at the January, February, and March levels; that is, 52 to 53 million cigarettes a day. This guarantees the sale of the basic and extra quotas as well as what was being sold unregulated, practically 10 million cigarettes a day.

[Santana] Can you give me an exact date when production will be stabilized?

[Encarnacion] Right now we do not have an exact date because we do not know how these factors are going to further affect cigarette production.

[Santana] Are there any problems with raw materials?

[Encarnacion] No. There are no problems with raw materials or materials. We have the tobacco, cigarette paper, glue, and the raw materials to guarantee production.

[Santana] Some people are saying that cigarettes are being hoarded to be resold later at a higher price. Is there any truth to this?

[Encarnacion] No, this is not true. The problem is that we are producing 28 to 29 million cigarettes a day and the consumption of the basic and extra quotas alone is 40 million. We are actually below the figures required to meet these quotas. In other words, there is no surplus; cigarettes are not being hoarded nor has anything like that crossed our minds.

'Socialist' Production, Management System Examined

FL1208190793

[Editorial Report] Havana Cuba Vision Network in Spanish at 0100 GMT on 11 August in its Open Agenda program discusses the production system known as local industries. Host Antonio Resillez says: "We propose to, in the next 27 minutes, provide the information necessary to allow national public opinion to gauge for itself the results obtained by local industries and for everyone to individually draw his own conclusion about aspects of the products the local industries place on our domestic market such as the kinds of products available, their prices, and their commercialization." His guest is Oscar Domenech, described as the "director of this productive system in Cuba."

Asked why some parts of the country have more local-industry-produced products on the market than others, Domenech says that the amount of product depends on the amount of resources available in any given place at any given time, although there are also other factors, such as how much emphasis is placed on this Cuban small industry in a particular area, the quality of cadres, and how dynamically such production is undertaken. He admits that some places are much more dynamic than others, adding that he thinks one of the tasks remaining to be accomplished is to make the nation's different municipalities produce more uniformly.

Resillez requests data on the overall performance of local industries, which Domenech provides, noting that in 1993, the most difficult year for Cuba to date, local industries had, up to July, produced 268 million pesos worth of goods compared to 231 million pesos for all of 1992. He says this is due not to price increases but to enormous organizational changes.

Domenech says the number of workers employed in local industries has increased. After explaining in detail, he sums up: "Today, we have a new structure born of the special period."

Asked how workers are grouped, Domenech says different kinds of people, housewives, retirees, and certain people who have no work site and have received authorization by the municipal labor body to do so, work together on porches, in yards, and at other kinds of sites. This allows more skilled artisans to work with a group of people, who can help them with the work. The skilled artisan does the part of the work requiring greater skill while the others complement his work, all the while improving their own skills as a result of working alongside an expert.

Domenech goes on to explain that these people are paid, first of all, a salary. He adds: "But, the local industry worker, who works at home earns a salary and is paid under a piece rate, that is, according to the quantity and quality of what he produces." Domenech gives an example, explaining that local industries pay the entire workers group by piece rate but the piece rate is applied to the entire group's total production, "even if I do one part of the job and you another, within the group." Domenech says that this way of working at home "has the advantage that the state and socialist nature of its management is not lost because the group cannot buy the raw materials directly nor does it sell [realizar] the merchandise directly. The raw materials are provided to the group by the municipal enterprise, or basic local industry municipal unit, and it is the enterprise [not the individual or the group] that sells the merchandise."

Domenech gives more details and data on the operations of the local industries of specific places, discussing diverse aspects of operations, such as quality control, marketing of products, and production limitations.

Agenda Abierta shows a video on the organization of local industry groups in Managua, where "individual artisans are enlisted in work that is state-supervised and socialist, organizing them and giving them a place to do collective work and orienting their production toward benefitting society."

Resillez and Domenech then discuss other operational aspects of local industries: the advantages of such an organizational method, how the product is marketed, how the product to be made is determined, and so forth.

In conclusion, Resillez asks Domenech to reiterate the philosophy behind the idea of local industries and their connection with the special period.

Domenech explains that the operation of local industries is indeed a special period operation because in addition to its economic and social value, it is a source of employment today that does not require big investments. Domenech says he also thinks it has political-ideological importance because it allows people to take action, instead of sitting passively by, simply observing unpleasant special period conditions, and to become direct participants in the work of the Revolution during the special period, while also helping solve its problems. In Domenech's opinion, therein lies its political-ideological importance.

The program ends at 0127 GMT.

Standing Committee Officers Named

FL1208143593 Havana Radio Progreso Network in Spanish 1100 GMT 12 Aug 93

[Text] The National Assembly's [ANPP] Standing Committee for the Local Bodies of the People's Government [comision permanente de organos locales del poder popular] was formed Wednesday, 11 August in Havana during a meeting presided over by ANPP President Ricardo Alarcon.

This standing committee is made up of 29 deputies. It is headed by Iran Gonzalez, who is a deputy and the president of the People's Government assembly in Havana. The vice presidents are legislators Marta Anelis Rodriguez from Pinar del Rio Province and Omar E. Gutierrez from Granma Province. (Caridad Dorintia Estrada), a member of the ANPP who represents the capital, will serve as secretary for this ANPP work group.

Inter-Caribbean Affairs

Dominica Defends Ties With Cuba as Self-Protective

FL1308105293 Bridgetown CANA in English 2230 GMT 12 Aug 93

[Text] Roseau, Dominica, Aug 12, CANA—Dominica's Trade Minister Charles Maynard says Caribbean Community (Caricom) efforts to strengthen trade and other such relations with Cuba must not be misinterpreted to mean that the regional grouping is entering into political relations with Havana.

Maynard's observation comes against the backdrop of some U.S. congressmen's criticism of the decision by the 13 governments of the economic integration grouping to set up a joint commission with Cuba. He says an imbalance in trade with the United States, unfavourable to Caricom, is among reasons the English-speaking grouping should look after its own interests.

"The United States has a favourable balance of trade with us, to the tune of one billion dollars (EC), so you can see that trade relations between us and the United States substantially is in favour of the United States," Maynard told CANA.

He criticised Washington for its lack of support for Caribbean interests in international trade matters, especially the question of bananas at the General Agreement on Tariffs and Trade (GATT). Maynard also referred to the apparent double standard of urging regional states to diversify while refusing them market access for the diversified products.

"If you look at what has happened in South Africa, the U.S. was the first country to move in there very quickly once they saw some signs that the regime was beginning to change its approach," Maynard said. He was echoing a sentiment of opposition Dominica Labour Party leader Rosie Douglas that Caribbean interests hoping to trade with Cuba may well find themselves pushed out of that market by U.S. business interests wanting to themselves tap that market when Cuba becomes fully democratised.

"What we have to be concerned about is what is best for our collective survival... We can no longer look in only one direction," Maynard observed. "We have to ask ourselves what is it that is at stake and what is best to do in terms of our own survival, our own trade, our own agriculture, our own tourism, and economic relations," he concluded.

Haiti

National Coalitian Says UN, OAS Mission Unconstitutional

FL1208222593 Port-au-Prince Signal FM Radio in French 1030 GMT 12 Aug 93

[Text] According to the National Coalition [CN], the international civilian mission is stirring the pot of repression by mixing common-law matters with human-rights matters, and also by mixing customary violence with political violence. In a letter to the public prosecutor, the CN asks the Justice Department to assume its responsibilities, while questioning the terms of reference relating to the international civilian mission. In the opinion of the members of the coalition, the public prosecutor of the Port-au-Prince Civil Court, who told them in a letter dated 9 August that the civilian mission is empowered to operate in Haiti under contract, does not know what he is talking about or what this contract states, or that this contract has no juridical value.

According to a letter we just received concerning this matter, the letter sent to the public prosecutor of the Port-au-Prince Civil Court, it is said that this contract, which the civilian mission, which is the owner of several vehicles now parked at the National Port Authority, relies on does not have any juridical value. According to a custom established in almost all the civilized countries, the only one recognized by our Constitution in Article 39 is the contracts between a sovereign state and a foreign

authority must be authorized by the executive and must be confirmed by the legislature. If the government of Mr. Marc Louis Bazin authorized the presence of the civilian mission in Haiti, it should be pointed out, on the other hand, that the contracting party, that is the United Nations and the Organization of American States, did not recognize at all the authority of [former] Prime Minister Bazin.

Thus, the CN asks in this letter we just received that the vehicles present on the esplanade of the National Port Authority in Port-au-Prince be seized by the government. Those vehicles were imported without valid authorization and are therefore simply smuggled objects, which must be confiscated as such and sold at public auction as required by the law. The receipts can be used, the National Coalition points out, for financing a special account to be opened in one of the Haitian banks, and which could be drawn from for redress of damages illegally and immorally imposed on Haiti by the OAS embargo and the UN oil blockade.

This letter finally asks Leandro Despouys to assume his responsibilities and pack his bags. This letter to the public prosecutor goes on to say that here Despouys and the other members of the UN/OAS civilian mission are only illegal foreigners who are using documents with an invalid basis to stay in our country and who should be referred to the Immigration Service for pure and simple expulsion, all the more since they do not respect the Constitution or Haitian laws prohibiting foreigners from interfering in the country's internal policy.

Civilian Mission Condemns 'Arbitrary Executions'

FL1208232193 Port-au-Prince Radio Metropole in French 1045 GMT 12 Aug 93

[Text] Human rights violations continue and increase in Haiti. The international civilian mission expressed its strong concern and condemned the arbitrary executions and suspicious deaths reported in Port-au-Prince. Since, 1 July, 36 of these were indicated in the capital. According to a report issued on 10 August, the targets of these serious violations are allegedly members of people's organizations and civilian neighborhood associations. In its report on violations in Haiti, the mission identifies the aggressors as being organized gangs of armed criminals acting with complete impunity. Quoting victims' testimony, the international civilian mission notes that in some cases the authors of these executions are police officers or their civilian assistants.

Legislators To Meet Aristide on PM Ratification

FL1208235693 Port-au-Prince Radio Metropole in French 1600 GMT 12 Aug 93

[Passage within quotation marks in Creole]

[Text] A delegation of legislators, senators, and deputies will leave Port-au-Prince on 13 August for Washington. The legislators will meet with President Aristide on 14 August regarding the confirmation of his choice of prime minister. The ratification process could begin on 16 August. Another subject in this meeting: harmonization of relations between the legislature and the executive.

In an interview by a Haitian radio station abroad and repeated in Haiti, prospective Prime Minister Robert Malval asserts that he has already chosen the members of his future government, which will also include three members of the Preval team. Robert Malval revealed that he addressed more figures than some political parties for the composition of his future government. In this interview, repeated by Haiti in progress [en Marche], Robert Malval also defined the great priorities of his government, quote: To put the country back on its feet, appease the spirits by trying to establish the basis of a national reconciliation, and prepare for the return of President Jean-Bertrand Aristide on 30 October.

Senator Ebrane Cadet explains the trip to Washington by a group of legislators:

[Begin recording] [Cadet] "We are already sworn in. The new office is installed. We have been expecting the president, who is due, since 1300 GMT. An office meeting will definitely be held this afternoon to let us know on which day—has the talk with Aristide already been held or will it be held—they will travel or whether it will be done by phone, to allow the prospective prime minister to submit his file, which will give us the possibility of studying his file and inviting him to come to the legislature."

[Reporter Jean] "Have you been formally invited by President Aristide to hold talks with him?"

[Cadet] "Well! Since Haiti is a special country, everything that is done is done in a special way. You know it is a country where everyone seems to walk upside down. If we respect constitutional principles, the talks must be held, according to the Constitution, on a formal basis between the president of the Republic and the presidents of both chambers. Since it is a country where sometimes what is positive becomes negative, and what was done a certain way yesterday is done differently today, it is not a country where one can make predictions. Therefore, we are waiting to see how it is going to be done. What is most important for me is not that it was done the way it should be done, but that it is done so that the country comes out of what it is in."

[Jean] "To return to the installation of the new office, has the resigning president left his office? Is everything going the way it should?"

[Cadet] "Oh! Let me tell you, Senator Dupiton is not attached to anything. That means, the president's office was empty from this meet with the people he is due to receive, to hold meetings with the other office members. Everything is ready." [end recording]

Deputies Laguerre, Jean-Baptiste Attacked 7 Aug

FL1208153193 Port-au-Prince Signal FM Radio in French 1030 GMT 12 Aug 93

[Text] It is reported that Deputies Joseph Benoit Laguerre and Laveaux Jean-Baptiste were attacked by armed men on 7 August. Mr. Evens Alabre, one of those who accompanied them, was shot in the foot, according to a press release issued by the Chamber of Deputies.

Antoine Joseph, president of the office of the Chamber of Deputies, called on the competent authorities to take all the necessary measures so the perpetrators of this criminal action can be identified and brought before the courts. The office of the Chamber of Deputies exended its sympathies to Deputies Laguerre and Jean-Baptiste and its wishs for recovery to Mr. Alabre. The note is signed by the president of the office of the Chamber of Deputies, Dr. Antoine Joseph.

Bissainthe Seeks Departure of Despouys, Civilian Mission

FL1208154793 Port-au-Prince Signal FM Radio in French 1030 GMT 12 Aug 93

[Text] The National Coalition has written to Mr. Leandro Despouys, representative of Mr. Dante Caputo for the United Nations and the OAS [words indistinct] of the occupation forces in Haiti, and who is also a silent partner of the civilian mission. The letter was signed by Gerard Bissainthe, interim coordinator of the National Coalition, and reads as follows:

With the masquerade of the 10 August elections sponsored at the Senate of the Republic, it is clear that the new U.S. occupation of Haiti through the interposed UN and OAS authorities is completing its organization. The National Coalition, made up of Haitian citizens, who are aware of their rights to live in a free, independent, and sovereign country, formally asks you:

1. To end the illegal and immoral intervention of the United Nations and the OAS in the internal matters of the Republic and to your scandalous interference in the functioning of our national institutions;

2. You, personally, and the international civilian mission to leave Haiti as soon as possible where your presence is disturbing public peace and jeopardizing national safety.

In conclusion, the letter from the National Coalition said that it does not intend to use violence to force the civilian mission and the other members, led by Mr. Leandro Despouys, to carry out these requests that express the explicit rights of the Haitian nation. It makes the point, however, that being aware of its mistakes and being willing to apologize and to make up for them from now on, the delegation should satisfy the Republic of Haiti on the two above-mentioned points as soon as possible.

The National Coalition demanded the public prosecutor's intervention to end the presence of the civilian mission in the Republic of Haiti as well. When the country really needs you, the Coalition's note added, it will call on you at its own initiative, hoping that you will always be willing to be useful to us as you are seemingly today.

Gerard Bissainthe, interim coordinator of the National Coalition, wrote this letter to Leandro Despouys, representative of Dante

St. Kitts and Nevis

British House of Commons Delegation Visits

FL1308111493 Bridgetown CANA in English 1205 GMT 12 Aug 93

[Text] Basseterre, St. Kitts, Aug 12, CANA—A five-member delegation from the British House of Commons is expected to have discussions with St. Kitts and Nevis MP's [members of parliament] before heading for Montserrat Saturday. The group, on a three-day visit, comprises parliamentarians John Butterfill, Hugh Bayley, Lord Gerard Monkswell, James Paice, and Peter Snape. They are being accompanied by Secretary Christopher Jones. Speaker of the National Assembly here, Ivan Buchanan, said he hoped the visit would serve to deepen the long-established relations between the local parliament and Westminster.

President Salinas Calls Special Congressional Sessions

PA1308145993 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 12 Aug 93

[Report by Juan Manuel Pereyra; from the "Early News" newscast]

[Text] President Carlos Salinas de Gortari urged political organizations to set aside personal or partisan interests and prove to the Mexican people that electoral reforms are for their benefit. He stressed that the new rules of the electoral system are the result of commitments among political parties and are based on honesty and true democratic convictions.

Salinas de Gortari made that statement to the Congress Permanent Commission, during his call for special congressional sessions. This period of sessions will begin on Monday, 16 August, and will end when all the subjects to be discussed have been covered.

[Begin unidentified congressman recording] During this special congressional sessions, the Mexican Congress will only discuss the following subjects:

1. Initiatives for constitutional amendments on electoral matters related to representation and political decisions in the [words indistinct] corresponding to the 55th legislature.

2. Initiatives to amend secondary laws on matters related to political decisions and electoral procedures corresponding to the 55th legislature.

3. Initiatives for constitutional amendments in the area of organization of political institutions and Federal District government corresponding to the 55th legislature.

4. Initiatives for amendments to Articles 16, 20, 107 [words indistinct] of the Constitution.

5. Initiatives to amend Articles 65 and 66 of the Constitution.

6. Initiatives on the subject of rentals of real estate in the Federal District corresponding to the 55th legislature.

7. Initiative of decree to add Point D to Article 2 of the Monetary Law of the United Mexican States, and specify the characteristics of coins with a value of 50 new pesos. [end recording]

The debates on those constitutional initiatives are aimed at reforming 28 constitutional articles. Legislators unanimously approved holding this special period of sessions, which could last until 10 September.

More on Rejection of U.S.-Canadian NAFTA Plan

PA1208173293 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 12 Aug 93

[From the "Early News" program]

[Text] On 11 August the Commerce and Industrial Development Secretariat released a communique reiterating Mexico's absolute refusal to compromise its sovereignty during the complementary negotiations on the North American Free Trade Agreement [NAFTA]. The communique confirms the position Mexico has maintained throughout the entire negotiation process.

Mexico has flatly rejected a plan by Canada and the United States whereby either country could file lawsuits against the Mexican Government in Mexican courts to settle environmental disputes. The Commerce Secretariat expressed its position in a press communique which stated:

1. Mexico will not accept any plan whereby either of the two other countries in a trinational body can file a lawsuit against the Mexican Government in Mexican courts to resolve environmental and labor disputes, because that would violate Mexico's national sovereignty.

2. Mexico will only accept parallel agreements that fully adhere to Mexico's three principles of negotiation.

a) Respect for Mexico's sovereignty.

b) That the treaty not be renegotiated.

c) That mechanisms of covert protection will not be generated.

3. The negotiations must continue.

This information was published after the contents of a confidential Commerce Secretariat document were disclosed. The document informed the U.S. and Canadian Governments that their plan to intervene in Mexican courts is unacceptable.

The document establishes that Mexico is seeking options that will ensure clear, expeditious, fair and equitable methods with which to settle disputes, which will be made public as they emerge at the Environmental Secretariat. It adds that the mechanism whereby disputes will be resolved, which has so far been discussed for implementation when the environmental policies of each country are not observed, will guarantee the fulfillment of national laws. It adds that the procedures and bodies that will settle disputes, which were discussed during the talks, are consistent with those established in NAFTA.

El Salvador

FRS Says Attacks on U.S. Soldiers To Begin 13 Aug

PA1308033193 San Salvador Canal Doce Television in Spanish 0300 GMT 13 Aug 93

[Text] In an anonymous telephone call to our editorial room this evening, the so-called Salvadoran Revolutionary Front [FRS] said they will start actions against U.S. soldiers, who arrived in our country on 11 August.

According to the call, the attacks will start at 0000 on 13 August [0600 GMT]. The FRS also regretted that the Farabundo Marti National Liberation Front has welcomed the U.S. soldiers with open arms.

ARENA Deputies Say FMLN Members Could Be Extradited

PA1208230693 San Salvador EL MUNDO in Spanish 10 Aug 93 p 1

[Text] On 9 August, after learning that Nicaraguan courts have issued arrest warrants for Salvador Samayoa and Facundo Guardado, former commanders of the Farabundo Marti National Liberation Front (FMLN), for their involvement in the weapons caches found in Nicaragua, Arena [Nationalist Republican Alliance] Deputies Gerardo Suvillaga and Jorge Alberto Carranza said that the former commanders could be extradited.

The ruling Arena deputies said the extradition would be warranted because the FMLN members have endangered the security of Nicaragua and the Central American region with their involvement in the weapon caches.

Suvillaga stated: "If Nicaragua requests the extradition of the two FMLN members, we believe they should be extradited because the only country with which we do not have an extradition treaty is Costa Rica and because democracy in the area has been endangered."

Regarding the weapons problem, the Arena deputies said the FMLN still has weapons hidden in our country and they urged citizens to report any suspicious activity dealing with secret weapons.

Suvillaga implied that the FMLN is lying now just as it did a few months ago when it told the United Nations that it had turned in its entire arsenal. Therefore, they cannot be trusted.

The deputies said that by keeping its weapons, the FMLN only seeks to continue its clandestine and violent struggle. They added that "the former FMLN arsenal could be sold to other armed groups in the region or to drug trafficking organizations in order to pay for its political campaign and to fill the pockets of former leaders."

Regarding the FMLN prospects to win the upcoming elections after not complying with the surrender of its arsenal, the Arena deputies stated that their party has never viewed the former guerrilla movement as a strong opponent because it does not have enough support to win the elections.

ARENA Candidate Rejects Revoking FMLN Party Registration

PA1208201793 San Salvador DIARIO LATINO in Spanish 10 Aug 93 p 24

[Text] On 10 August, Armando Calderon Sol, the ARENA [Nationalist Republican Alliance] presidential candidate and San Salvador mayor, confirmed that ARENA will not request the removal of the FMLN [Farabundo Marti National weapons caches in and outside the country.

Calderon Sol said: "We invite them to become full participants in the political contest. It would be contradictory to deny them the means to be a political party."

Calderon Sol added that the FMLN must prove by its actions that it has surrendered its weapons altogether "because it has always promised to do so and has not complied."

Regarding the FMLN position that the weapons case is a closed chapter, he said: "I cannot believe the FMLN after all that has happened and I do not think anyone believes it."

He stated that ARENA is not using the weapons case as a political issue in the coming elections because it is an action that betrayed the trust of the United Nations and the Salvadoran people.

Calderon Sol reiterated that "the FMLN should have consideration for the international community and the Salvadoran people as it has not only lost credibility in the country but also worldwide." He made these statements the morning of 10 August at the municipal police installations before attending the "Municipal Police Day" celebration.

Guatemala

Financial Cooperation Agreement Signed With FRG

PA120816262[illegible] Guatemala City PRENSA LIBRE in Spanish 11 Aug [illegible] p 10

[Text] On 10 August, Finance Minister Richard Aitkenhead and German Ambassador to Guatemala Henning Dodenberg signed a financial cooperation agreement between Germany and the Guatemalan Government.

The cooperation agreement totals 23 million deutsche marks [DM] (approximately $15 million). Of this amount, DM10 million are nonrefundable and DM13 million are part of a loan to be signed by the Kreditanstalt Fur Wiederaufbau (Reconstruction Credit Institute), Frankfurt/Main, pending ratification by Congress.

The Financial Cooperation Agreement provides for the protection and proper management of the tropical forest in Peten Department so as to preserve its ecological, social, cultural, and economic value for the benefit of the population.

Honduras

Deputy Reports Status of Intellectual Property Rights Bill

PA1208194893 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 11 Aug 93

[From "The Morning Paper" newscast]

[Text] Deputy Gustavo Alfaro, member of the congressional ruling commission, said that the draft bill on intellectual property rights violates several articles of the Constitution because it attempts to confiscate the assets of radio stations protected by the Commercial Law. Nevertheless, congressional leaders have said that to avoid U.S. economic sanctions, deputies will discuss and approve the controversial law during the third debate, at the latest next week.

Yesterday at Congress, the commission in charge of issuing an opinion on the intellectual property rights law reached an agreement on the draft bill to be discussed in the three debates this week. It has been pointed out that this bill has several irregularities, which violate the Constitution; however, its approval would solve the problem of an international commitment the Honduran Govenrment has with the United States. It has been mentioned that the U.S. Government has even warned the Honduran Government it will be penalized if this law is not approved. Deputy Gustavo Alfaro, member of the commission, explains what was discussed at yesterday's meeting.

[Being recording] [Alfaro] We agreed to issue an opinion on the draft bill. Obviously, as the commission in charge of issuing an opinion, we are proposing some amendments to the draft bill. We believe some articles, that have to do with the Constitution, had to be corrected, some others that....

[Unidentified reporter, interrupting] Which articles are these?

[Alfaro] Article 56, for example, says that if you as a media photographer take a photograph of me and publish it, I have the right to prohibit or prevent that picture from being published. To us, this appears to violate the ruling on freedom in Honduras. There are some other examples. If the edia broadcasts a record album, company assets would serve as a guarantee for the intellectual property rights. According to the Constitution, this is not possible. There is a guarantee that these assets cannot be confiscated. They cannot be seized, and so forth. There are some other aspects that have other problems. This is why we think some amendments must be made.

[Reporter] Then everything is more or less ready except for those slight problems?

[Alfaro] Well, there are several other amendments. From a legal point of view, the draft bill incorporats, within the law, what is called collective bargaining associations, whose legal status would be granted by the office of intellectual property rights. This appears to be outside the current legal framework. We have nonprofit civilian associations, whose legal status is granted by the government ministry. Mercantile corporations are under the Commercial Law. Associations, like labor unions, have legal status granted by the Labor Ministry, as well as cooperatives, another kind of organization. All of these do not fit into any of the current structures; therefore, we have to propose to maintain, at least, the current legal framework. [sentence as heard]

[Reporter] Now, Mr. Gustavo, will this law be approved before 30 August, this being the deadline set by the U.S. Government?

[Alfaro] We know exactly what is going on. The truth is that when Honduras joined the Caribbean Basin Initiative in 1983, it committed to the U.S. Government to enact a law on intellectual property rights. Last year Motion Pictures Inc., a U.S. film production company, presented a claim, indicating some specific cases of piracy, against Honduras to the U.S. Commerce Department because no law had been enacted. This prompted the U.S. Commerce Department to demand the fulfillment of the commitments made by Honduras in exchange for trade benefits in the U.S. market.

[Reporter] So, will the work be be concluded by 30 August?

[Alfaro] I would say that there is political willingness to initiate the debate this week. Apparently there is a 30 August deadline. I do not think we should see it as an obligation or a demand from the U.S. Government; rather it should be regarded as a matter in the nation's interest as intellectual property rights comprise four large sectors: artists' property, literary property, scientific property, and industrial property. [end recording]

Nicaragua

Devaluations Foreseen If U.S. Aid Suspension Continues

PA1208201693 Managua Radio Corporacion in Spanish 1030 GMT 12 Aug 93

[Text] CABLES CENTROAMERICANOS, the best informed economic publication in Nicaragua, says that due to the critical situation the government is experiencing, it has decided to suspend payments to its creditors and limit loans for private producers. CABLES

CENTROAMERICANOS has described the government's position in response to the critical situation as follows:

The government has few options in handling a foreign currency shortage without forsaking its free exchange policy and allowing the cordoba to gradually devaluate. It can restrict bank credits more or reduce the fiscal deficit. In order to reduce the deficit it has only two options: increase taxes or cut spending. If these options are not politically viable, the government will have [two-second break in reception] to abandon its current policies and return to previous policies, which led to inflation and devaluations.

If relations with Washington do not normalize within the next four to six weeks, the government will have to seriously consider a devaluation prior to 30 November. Without a parallel increase in salaries, a devaluation would reduce consumers' buying power and the demand for imports would be consistent with the shortage of foreign currency. In other words, there would be a deeper recession in 1994 than what was experienced in 1993. If salaries, however, were readjusted concurrent with recession, in addition to everything else, inflation would spiral. It is obvious that with less foreign currency we will have to tighten our belts in 1994.

Panama

Co-op Allegedly Involved in Money Laundering

PA1308003593 Panama City EL PANAMA AMERICA in Spanish 12 Aug 93 p 8D

[Report by Tomas Cabal]

[Text] Members of the Multiple Professional Services Cooperative, R.L., an association with a membership of more than 2,400 doctors in Panama, pointed out to this correspondent that large sums of money have been deposited with this institution without observing the controls demanded by law.

The sources, who asked to remain anonymous, indicated that thousands of dollars were deposited with the cooperative weeks after suspended Prosecutor Rogelio Cruz had authorized the release of several million dollars allegedly owned by Cali Cartel members.

Investigations done by this newspaper allowed us to uncover several facts that serve to validate the charges made by the cooperative members, who have expressed their concern for the way the institution is being managed. The cooperative also operates as a savings and loan bank. The sources revealed that the recycling of funds is related to transactions carried out by some lawyers. According to Solicitor General Donatilo Ballesteros, these same lawyers received benefits from Prosecutor Cruz when he released the funds allegedly owned by Colombian drug traffickers.

As an example of the lack of administrative control which allowed more than $6.5 million to be received in time deposits during a one year period, the sources emphasized that the deposits had been made by Mr. Francisco Yanicelli, who somehow controls and influences the board of directors. Documents reprinted on page 2A reveal that Mr. Yanicelli has deposited $825,061.58 in time deposits with the cooperative. The documents show that during 1992 the cooperative received $6,527,054.96 in time deposits, which were later transferred to the Banco Exterior de Espana.

According to our sources, the amount of funds that circulates in the cooperative "is more startling since most of the members are doctors who do not handle such large amounts of money." They described the cooperative as a sort of "poor doctor's bank as other doctors, who are in private practice, underwrite their activities through local banks."

Board of Director President Dr. Rosendo Diaz, who has held the position since 2 August, categorically denied the allegations linking the cooperative with money laundering activities. In a lengthy interview, Dr. Diaz and other members of the board of directors rejected the charges made with respect to their administrative performance.

According to Dr. Diaz, the accusations "are promoted by a small group of cooperative members, who have not dared to reveal their names and who have not resorted to internal mechanisms included in the regulations and statutes." Dr. Diaz denied that he or his fellow directors had ever taken bribes and stated the current administrative controls prevent the deposit of drug-trafficking related funds.

Dr. Bethania Melendez, who heads the Vigilance Council, assured this correspondent that "there is no way dirty funds can be deposited with the cooperative as she knows each and every member." When asked about the large sums deposited by some members, Dr. Melendez clarified that those were funds "that had been withdrawn during the political crisis."

Chief Accountant Cristobal Carrasco explained that the institution maintains administrative controls to prevent drug-trafficking funds from being deposited. Carrasco indicated that "funds exceeding $10,000 have never been received in the cooperative. Significant amounts are only received in the form of managers checks or local certified bank checks."

The chief teller explained that both types of checks, with a copy of the depositor's personal identification card, are sent to the Banco Exterior de Espana, where all time deposits are kept and a record is made of the transaction." The chief teller also explained that "there is no limit to the amount of a manager's check that can be accepted directly through the window. But if a million dollar check is presented for deposit, approval by a senior officer would be necessary." Asked about checks

totalling $500,000 and $213,000, which had been deposited, the head teller pointed out that "the funds had been received normally."

The manner in which the cooperative is being managed has piqued the interest of some members to find out the institution's real financial situation. Documents provided by Dr. Diaz indicated that for the past few years several cooperative members have been questioning the way the institution is being managed, for example, the 1992 Annual Report states that Dr. Karl Austin, member no. 617, "requested a positive meeting and not the stormy meetings, like those to which we have become accustomed to having year after year", in apparent reference to the questions that have been raised about the directors' administrative performance.

Criticism has mainly been directed at Rodolfo Riley Puga, who is no longer a member of the board, and Baltazar Isaza, who is said to be responsible for the changes that brought Rosendo Diaz to the presidency of the organization.

The crisis at the Multiple Professional Services Cooperative also seems to have affected the cooperative regulating agency in Panama. Ipacoop [Autonomous Panamanian Cooperative Institute] sources told EL PANAMA AMERICA that the institute is opposed to hiring an independent auditing firm, as requested by the medical cooperative's membership.

According to the source, Ipacoop recommends that it perform the audit, not an independent firm. This shows that, "far from correcting them, someone is trying to bury the serious administrative flaws."

Officials Answer U.S. Remarks on Drugs, Money Laundering

PA1208162493 Panama City Circuito RPC Television in Spanish 2300 GMT 11 Aug 93

[From the "RPC Television News" program]

[Text] U.S. drug czar Lee Brown met with members of the American Chamber of Commerce and Industries in Panama. He said that Panama has vulnerable points on which drug traffickers capitalize. Brown said that to deal more efficiently with illegal drug activities, Panama could further tighten controls at its sea ports and airports. He stressed that a better customs administration could also help protect the Colon Free Zone.

The drug czar, who is a member of U.S. President William Clinton's cabinet, clearly indicated that Panama could firmly implement existing laws and regulations. He said the United States is concerned that after so many years only one money laundering case has been successfully resolved in Panama: the trial in absentia of Eduardo Martinez, who was already serving a sentence in a U.S. jail. On a more encouraging note, Brown said he trusts that Panama will respond to the drug challenge.

Government and Justice Minister Juan Chevalier made the following comment:

[Begin recording] We have concluded that the main money laundering market is in the United States because that is where the dollars are, not here. Panama is vulnerable because it is a large international financial center. No one can deny that; it would be ridiculous to do so. However, this is not unique to Panama. For example, one of the biggest problems in the United States is its postal system. A lot of money has been laundered using that system. [end recording]

Meanwhile, Eudoro Jaen of the Banking Commission said:

[Begin recording] If the drug czar cannot say how much money is laundered, how can I know? No, I do not know. All I can say is that, and I insist on this, my job is to supervise banks and I am doing a good job. To say otherwise would be quite irresponsible. [end recording]

Argentina

Former Deputy Returns From Cuba; Differs With Menem

PY1208181393 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1143 GMT 11 Aug 93

[Excerpts] Buenos Aires, 11 Aug (NA)—Yesterday evening, former Deputy Cesar Jaroslavsky reiterated that he had not received "any offer" from the government to join the cabinet and he called upon everyone to try to find "some common ground, above and beyond any ideology, in order to put the country on its feet again."

And yet, having been made a freeman of the City of Buenos Aires in a moving ceremony held at City Council headquarters, Jaroslavsky voiced his "disagreement" with President Carlos Menem's policy with regard to Cuba. Asked to comment on the situation on the Caribbean island, Jaroslavsky stressed that "the Cuban people show great stoicism in the exercise of their nationalism."

Town Council Economic Secretary Julio Cesar Aguilar; Public Works Secretary Libertad Porolli; Mario Losada, Radical Civic Union [UCR] Executive Board chairman; and Secretary of State Claudia Bello attended the ceremony in which Jaroslavsky was given the freedom of the city. Councillors Edelmiro Rodriguez and Eduardo Rollando (PJ) [Justicialist Party]; Jorge Pirra and Fernando Bustello (UCeDe) [Democratic Center Union]; Horacio Vivo and Jose Maria Garcia Arecha (UCR); and Cuban Ambassador to Argentina Miguel Brugera del Valle were also present at the ceremony. The Golden Hall of the City Council Palace was crammed with people attending the ceremony. Jaroslavsky, who was visibly moved when he was given a standing ovation, is the first politician to be awarded such a distinction.

The former deputy, who returned from Cuba on 5 August after having undergone a long rehabilitation treatment there, stated that this tribute was "not the end" of his political career. [passage omitted]

He further stated that he will not "mediate" between the Argentine Government and the Cuban regime led by Fidel Castro and made it clear that he will tell his "truth" about the situation in Cuba to the Argentine head of state. [passage omitted]

UCR Registers 'Harsh Opposition' to Constitutional Reform

PY1208150293 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2001 GMT 11 Aug 93

[Text] Buenos Aires, 11 Aug (NA)—Today, the Radical Civic Union [UCR] unanimously decided to call for a "clarifying action" in relation to the institutional risks created by the government constitutional reform project that "is threatening the legality of the Argentine political system itself."

The decision by the main opposition force to resist the government offensive on this issue was made this morning at the most representative UCR meeting of the last few years.

The UCR Executive Board, the president of the National Convention, the heads of the legislative blocs, and the three party representatives—Raul Alfonsin, Fernando de la Rua, and Eduardo Angeloz—signed a brief, harshly termed declaration ratifying UCR opposition to the constitutional reform and presidential reelection.

Di Tella on Condor-2 Program, Falklands Committee

PY1208143193 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1404 GMT 11 Aug 93

[Text] Buenos Aires, 11 Aug (NA)—Today Foreign Minister Guido Di Tella stated that the Condor-2 missile project had been "ill-fated and catastrophic" because it "blocked technological development and placed Argentina among the group of obnoxious countries."

He pointed out that now, however, "we have been invited to be one of the countries that will monitor the Iraqi missile program," which means "we are among the countries that monitor world peace."

Di Tella explained that the Foreign Ministry, "in keeping with the guidelines established by President Carlos Menem," has established that "Argentina is a nonproliferating, peaceful country that wants guarantees for nonproliferation of nuclear, chemical, and missile weapons."

In a statement to Radio America, Di Tella admitted that "Patagonia has some right to feel uneasy about rumors originating from Buenos Aires," thus referring to concern over the Malvinas Islands, with regards to rumors on their fate.

He then said that in the south "there is a sense of neglect that has not only existed under this government, not just for the past 10 years but for many years, and the sensation is that every time we remember them we do so inconsiderately."

Di Tella explained that this is "why we established a full information and exchange committee regarding the Malvinas, because all Argentine citizens must understand what we are doing, that we are not yielding anything, but, on the contrary, there is more activism than ever."

Di Tella voiced his optimism that positive results will be obtained in this regard "in much less time than expected," although he refused to say in how many years.

He said this will be feasible because Argentina now is "trustworthy, because it maintains a reliable international stance, because it is allied with the Western

hemisphere and not with the nonaligned or dangerous countries. It does not produce weapons and has a sound economy and is growing."

Di Tella said: "By the end of the year our GDP [gross domestic product] will be half the UK's GDP and by the year 2010 it will be the same, which will give Argentina more weight than now in the international context.

Commander for Cyprus-Bound UN Battalion Named

PY1208145793 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2154 GMT 10 Aug 93

[Text] Buenos Aires, 10 Aug (NA)—It was officially announced that Lieutenant Colonel Juan Manuel Durante has been named commander of the battalion of Argentine troops that will operate on the mediterranean island of Cyprus within the framework of a peace mission that has been undertaken by the United Nations.

Durante is a cavalry and staff officer and a military parachutist. Currently he is deputy commander of the General Jose de San Martin Grenadier Regiment.

The officer will travel to Cyprus at the end of August accompanied by several officers, who will make up his headquarters staff. Once on the island, they will inspect their future theater of operations.

The Argentine battalion will be made up of 350 soldiers from the Army and Marine Infantry. This unit will replace the Canadian and Danish troops that are currently operating in the United Nations' area of operations in the near future.

Ex-Ambassador to Honduras Stripped of Credentials

PY1308000593 Buenos Aires BUENOS AIRES HERALD in English 12 Aug 93 p 1

[Text] (DYN-NA)—The Government put an end to the controversy stirred up by former Ambassador to Honduras Alberto Brito Lima by stripping him of his diplomatic credentials under a decree published yesterday in the Official Bulletin.

The decree was signed by President Carlos Menem and Foreign Minister Guido Di Tella and went into effect on July 31.

In addition, Di Tella revealed last night that another diplomat who has been the focus of debate, Argentine Consul in Miami Ruben Cardozo, has submitted his resignation.

Menem based his expulsion of Brito Lima, who was active in the militant rightwing Peronist Comando de Organizacion in the 1970's, from the Foreign Service on irregularities committed by the former diplomat during his term in Tegucigalpa.

Brito Lima aggravated his situation by ignoring four requests from the Foreign Ministry for him to return to Buenos Aires. The former ambassador cited numerous justifications for his delayed departure including health problems and his children's need to finish the school year in Honduras, forcing his replacement, Adrian Mirson, to wait in Miami and then in a Tegucigalpa hotel before he could move into the embassy residence.

The reasons for Brito Lima's initial recall were not given.

Meanwhile, Di Tella announced while visiting the Rural fair in Palermo that Cardozo had offered to step down from his post in Miami. Di Tella also indicated that he would accept Cardozo's resignation and that a successor has not yet been decided upon.

Cardozo's activities both in Miami and in his previous post as ambassador to Paraguay have been severely questioned. The diplomat reportedly made unauthorized expenditures totalling 120,000 dollars in Asuncion, while in Miami he allegedly—among other charges—attempted to name his wife, Anabella Lodko, vice-consul although she lacked proper credentials, and planned to purchase a 1.7 million-dollar residence without going through the required bidding process.

Brazil

Current Status of Economic Plan Reviewed

PY1208154093 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Aug 93 Economy and Business Section p 9

[Excerpts] Brasilia—Next week the FHC [Fernando Henrique Cardoso] plan will be two months old, with the greater part of his measures still in the field of good intentions. Of the plan's six important topics, only the fight against tax evasion and the cuts in the 1993 budget have been implemented.

The advance and in-depth implementation of the privatization process is still in practice only on paper. Only one of the announced 16 measures has been put into motion: the creation of a privatization fund with resources in real cruzeiros that come from the sale of state enterprises. [passage omitted]

What Has Been Done; What Still Has To Be Done

Cuts in Expenditure

Two of the four scheduled measures have been implemented: a cut of $6 billion (450 billion real cruzeiros) in the 1993 federal budget and the drafting of the 1994 budget based on realistic proposals regarding expenditure and revenue. The initial draft of the 1994 budget calls for a potential deficit of between $23 and $25 billion (between 1.7 and 1.9 trillion real cruzeiros). Cardoso warns that "this strategy will only become viable with a revision of the Constitution."

A draft of the complementary law that will set the norms for cooperation between the federal government, the states, and the municipalities still needs to be send to congress to prevent the overlapping of jurisdictions. Nothing has been done to get the Senate to approve the draft law, which is currently under study in that chamber, as soon as possible. This indicates that the federal government, the states, and municipalities can only use 60 percent of the current accounts to pay their public employees.

The Fight Against Tax Evasion

Of the 14 scheduled measures, nine are being implemented under full steam. They are the most important, and they depend only on the work of the Revenue Secretariat. Tax collection has increased significantly during the past 2 months. Revenue in August will amount to some $600 million (45 billion new cruzeiros), which is an increase over May's revenue. The fight against tax evasion is the part of the FHC plan that is obtaining concrete and consistent results very quickly.

The five measures not yet implemented are of a complementary nature to the measures already adopted, and they still figure on paper. They depend on links between more than one ministry, and the Federal Revenue Office with state finance secretariats.

Relations With the States and Municipalities

In this sector, only four of the 10 scheduled measure have been implemented, and they have not been sufficient to achieve the main objective, that of regularizing the payment of the expired debt with the federal government. The objective of reducing non-constitutional transfers to the states and municipalities was accomplished with the approval of the cuts in the 1993 budget.

Of the six measures that have already been implemented, the most important one pertains to the negotiations on the rescheduling of the $27 billion (2.1 trillion real cruzeiros) that the states have with the Federal Government. Moreover, Cardoso has announced that the refinancing contracts with the majority of the debtor states will be signed by the end of August.

Control of State Banks

Of the five measures contained in the FHC plan for this area, the government has implemented two of them: the National Monetary Council (CMN) has extended the penalization of the White Collar Law for those state bank administrators who grant loans to their governments and enterprises that are controlled by their banks; and the Central Bank and the Treasury will negate the granting of financial aid to help with cleaning up programs for state banks.

The three measure that have not yet been implemented are the most far reaching, and politically the most difficult ones to implement. The government has not yet fired—as agents of the National Economic and Social Development Bank (BNDES), of the Federal Savings Bank (CEF), and of the funds and programs that are provided with resources from the budgets of the official credit operations—those state banks whose governments are in debt with the Union. The Central Bank has not yet released the bases for a program for the restructuring of the state banks, nor has it reinforced the implementation of the rules establishing the minimum amount of capital for those banks.

Control of Federal Banks

The government has implemented only two of the scheduled seven measures for this area: the penalizations contained in the White Collar Law for the administrators of federal financing institutions; and the financing rules for the 1993-94 agricultural harvest.

As in the case with the state banks, the measures that have not been implemented are the most far reaching, and politically the most controversial, such as the closing of unnecessary agencies of federal banks; the privatization of the Meridional Bank; the reinforcement of legal measures; and the granting of more autonomy so that the Central Bank can control the action of federal banks by intervening in them, and liquidating them when deemed necessary. The new sources of funds for the Bank of Brazil's financing of the agricultural sector, and the consolidation of the Bank of Brazil as a financial conglomerate and main agent of the Treasury, have not yet been defined.

Privatization

Of all the proposals, the advance and in-depth implementation of the privatization program has made hardly any progress. Of the 16 measures only one has been effectively implemented: the creation of a privatization fund, with the resources in real cruzeiros, that will come from the sale of state enterprises.

The other 15 measures are in various stages of preparation by four work groups that include technicians from the Finance and Planning Ministries. The most advanced item is a draft decree that creates rigid control over the salaries that are paid by state enterprises. The definition of important measures is still lacking, such as new ideas regarding the readjustment of tariffs. Other measures seem to be nothing more than promises, without any prospect of being implemented rapidly, such as the beginning of the privatization of the electricity and railway sectors, in addition to a quick conclusion to the privatization of the enterprises of the steel, petrochemical, and fertilizer sectors.

Military Plans Largest Amazon Exercises 'Ever'

PY1208172493 Rio de Janeiro O GLOBO in Portuguese 11 Aug 93 p 4

[Text] Brasilia—Six months after holding their first training operation in Amazon territory, U.S. military forces returned to Guyana to conduct new military

exercises. In October, 800 U.S. Army special task forces men will disembark in Georgetown for a two-week training exercise. Last April, 200 men carried out the first joint operation with Guyanese Armed Forces a little more than 200 km from the border with Brazil.

Before the Americans, French and British military forces conducted joint operations with the Guyanese forces, but with small contingents—France took 30 men and Great Britain 50. Guyanese President Cheddi Jagan told GLOBO in April that he would not allow either the Americans, the French, or the British to install a permanent base in his country.

The Brazilian Armed Forces, however, do not believe Jagan's intentions. Brazilian military ministers are concerned about the presence of foreign military forces near the Brazilian border. During the National Defense Council meeting held yesterday, the military again referred to the military exercises conducted in Guyana.

In October, Brazil will hold the largest military operation ever carried out in the Amazon region, with 5,000 men, in order to show its power to neighbors along its northern border.

In statements and articles, Senator Jose Sarney (PMDB-AP) [Brazilian Democratic Movement Party-Amapa], responsible for creating the Calha Norte project—which planned to establish small 50-man military posts every 200 km along the Amazon border region—has warned about the threat of internationalizing the region.

Franco Announces He Considers Justice Minister Case Closed

PY1208214993 Rio de Janeiro O GLOBO in Portuguese 11 Aug 93 p 5

[Text] Brasilia—In a note issued last night, President Itamar Franco said he believes the fiscal misappropriation case involving Justice Minister Mauricio Correa is closed. In the note, the president reasserts his complete and wholehearted support for the justice minister. The note was drafted after a briefing by Finance Minister Fernando Henrique Cardoso on the Federal Revenue study of Mauricio Correa's tax statement.

According to the Government House note, which does not mention that Justice Minister Correa owed back taxes and that in February he had to pay his debts to obtain a receipt stating he is debt free, the Federal Revenue did not find any illegalities in Correa's tax statement. Cardoso briefed President Franco on the study yesterday at 1900 following the National Defense Council meeting. Later, the president informed Justice Minister Correa that he considered the issue closed. The Planalto Palace issued the note a few minutes after 2100.

In February, an emissary for Correa contacted the Federal Revenue to settle the fiscal situation. At the time Correa paid more than 100 million cruzeiros.

Acre Governor Supports Deforesting 20 Percent of State

PY1308004593 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Aug 93 p 26

[Article by Marco Uchoa]

[Excerpts] In a 90-day period, 20 percent of Acre State's territory will be "for sale" by Governor Romildo Magalhaes (PPR) [Progressive Renewal Party]. The idea is to attract investors from the southern part of the country in the agriculture and livestock areas. There are approximately 30,400 square kms, 8,000 more than Sergipe State. The "purchasers" will be able to exploit hardwood, chestnut trees, and rubber trees, and will be authorized to promote deforestation to begin production projects. Magalhaes decided to support the idea of farmers in the region to try solving Acre's economic situation, engulfed in an internal debt of 200 million real cruzeiros.

Acre has only 5 percent of its forests devastated and 65 percent of the area protected by law. Of the remaining 30 percent, the "sale" project wants to use 20 percent. With that, the deforested area in the state, one of the most protected for now, would increase from 5 percent to 25 percent. Control of the state's 152,000 square kms is carried out by only 12 agents from the Brazilian Institute for the Environment and Renewable Natural Resources (Ibama). This week, the governor will outline the "sale" plan. The price of land has not been established yet.

Those interested will be receive reduced taxes and special periods for payments for the land. [passage omitted]

Environmentalists are overwhelmed by the project and are threatening to ask First World countries to boycott the state if the occupation plan of 20 percent of the state's land is in fact implemented. "We cannot allow the forest to be affected," said Atanagildo de Deus Matos, chairman of the National Council of Rubber Producers (CNS). The CNS is one of the most active companies in the region. "The developed nations will not allow that disorderly occupation and probably will cut investments in the state," Matos said.

Of the state's 450,000 inhabitants, 60 percent are unemployed. Tax collection last month amounted to 100 million real cruzeiros, 80 percent to meet the inflated payroll. "The environmentalists must learn about our real situation before criticizing," Magalhaes said. "I will sacrifice the forest on behalf of the people," he concluded.

Telecommunications Agreement Signed With Portugal

PY1308002593 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 12 Aug 93

[Special report by Norma Neri from Rio de Janeiro]

[Text] Brazil and Portugal today signed a commercial cooperation agreement in the telecommunications area. Investments in this area will amount to $200 million.

The agreement was signed today at the headquarters of Embratel [Brazilian Telecommunications Company] between Embratel President Renato Archer and Gonzalo Sequeira Braga, president of the Portuguese Marconi Global Communications State Company.

This agreement provides for the creation of a holding [preceding word in English] with equitable participation by the two countries, with investments of some $200 million in the next five years.

The agreement will benefit 13 million clients of the two companies who immediately will be able to use (?fax) and data-fax, which is recognized as a public document through the agreement, and credit cards supplied by the state companies for international links using Embratel and Marconi telephone operators.

In addition to integrating Portugal and Brazil into the 10 world telecommunications blocs, the agreement also opens the doors of the EC to Embratel. The holding's headquarters initially will be in Lisbon. The joint work will be coordinated by an executive joint commission from the two companies, the presidency of which will be held alternately by one of the two state companies every six months.

* Bacha Views Goals of Immediate Action Program

93SM0352A Sao Paulo EXAME in Portuguese 7 Jul 93 pp 32-34

[Interview with Edmar Bacha, special adviser to the minister of finance, by Nely Caixeta and Cintia Sasse in Brasilia; date not given: "The Government Is Inflation's Biggest Partner"]

[Text] *Seven years after joining the team of economists that produced the exorcised Cruzado Plan, economist Edmar Bacha is back in Brasilia. When he left the city—just as former Minister Dilson Funaro's plan was beginning to spring a leak—Bacha, 51, swore that he would never again be part of a team of bureaucrats that is forever being called in to try to restore the value of the weakened national currency. He has had plenty of invitations. Over the past three years, this professor of macroeconomics at the PUC [Pontifical Catholic University] of Rio de Janeiro has declined, one by one, the invitations issued by successive ministers of finance. A member of the National Executive Committee of the PSDB [Brazilian Social Democracy Party] and a personal friend of Minister Fernando Henrique Cardoso, Bacha could not say no this time. "What we are putting into action is a party-program thing," he says. "We are not just one more group of technobureaucrats." He is one of the top generals in what he calls "the great war on the country's current fiscal system." Without inflation, Bacha says, the government could not survive. He says the government is "like a drug addict who cannot live without his vice." One of the most urgent measures he advocates for the government's detoxification is that of putting an end to the farce that the country's budget has become. There is a potential hole of $40 billion built into the budget—a deficit that does not cause the public accounts to explode solely because the government has become accustomed to using inflation to cover its expenditures. In his office on the fifth floor of the Ministry of Finance, Bacha granted the following interview to Nely Caixeta and Cintia Sasse, EXAME's bureau chief and assistant editor respectively in Brasilia.*

[EXAME] Why should we believe that the so-called Immediate Action Program will not meet the same fate as so many other programs that preceded it?

[Bacha] This program is different. It has an educational purpose. Its objective is to show that miracles do not exist. It is a radical—I would even say a revolutionary—proposal for changing the nature of the Brazilian state. The program's basic proposition is that the government must change the way it does things so that the economy can change direction. That is the slogan behind the plan. We have made a very clear diagnosis of the nature of the problem. This is the first time that the government has admitted that Brazil's problem today is the government. We have a healthy economy and a sick government. That view of things may have prevailed in informed Brazilian public opinion already, but it had never been accepted by the government as its own diagnosis.

[EXAME] Inflation is over 30 percent per month, but even so, the government is continuing to curse the implementation of heterodox measures. If inflation continues to rise, will the government be in a position to do what it promises?

[Bacha] The only way to get rid of inflation is to eliminate the problems that we are outlining. If any attempt were made to check inflation artificially without first solving the basic problem, the result would be a huge government deficit that we would have no way of financing. If today's inflation rate were zero, the deficit would total $40 billion. That is why we need the inflationary tax, which is imposed by the government to cover its spending. Under the current fiscal system, we have no way of producing a realistic budget. Nor are we in a position to make revenues match expenditures even after the erosion caused by inflation. We need the inflationary tax. The government needs inflation twice: once when it issues currency and again in order to devaluate its expenditures.

[EXAME] Does this mean that you rule out any possibility of a heterodox jolt that would cause inflation to drop overnight?

[Bacha] Exactly. It would be stupid to try to eliminate inflation in one blow, and we are not stupid. A shock would mean being out of step with the current system of high inflation. That is why we will never make any attempt to interfere with prices directly—whether through predetermined prices, freezes, foreign exchange

schedules, or dollarization—before solving the fiscal problem. If inflation goes up, it is because the fiscal problem has not been solved.

[EXAME] How does that fiscal problem show up in the budget?

[Bacha] There are authorized expenditures on the order of $100 billion or $110 billion to be covered by revenues which, in fact, are going to total $60 billion or $70 billion. If the budget were executed in accordance with the approved surrealism, it would be impossible to finance the potential deficit of approximately $30 billion or $40 billion. Neither the domestic securities market nor monetary expansion could make it possible. How is the problem traditionally solved? The government accepts whatever Congress decides and then sits on the cash box.

[EXAME] What evils are created by that kind of management?

[Bacha] The deficit is financed by the Central Bank. People ask: how is it possible for Brazil to have such high inflation and such a small deficit? How is it possible to have inflation of over 1,000 percent per year and a deficit amounting to only 2 percent of GDP [gross domestic product] when Italy has a deficit of 10 percent of GDP and inflation of only 5 percent per year? The problem is that we have a huge potential deficit. The only reason the deficit does not show up is that we use the inflation we have, and it has to be very high to get around authorized expenditures, by controlling disbursements. Without inflation, the government cannot live. It is like a drug addict who must constantly use more drugs to keep on surviving. That is exactly the case with the current government. Given the drug constituted by the budget, the only way to live is to have constantly increasing inflation.

[EXAME] If the budget is a drug, what kind of detoxification treatment does Minister Fernando Henrique intend to apply?

[Bacha] The treatment is the proposal for truth in budgeting. It means coming up with a budget totaling not $110 billion but $70 billion. We need to put an end to the public sector's inflationary mentality. Everyone thinks the government is a Noah's Ark or a big bag belonging to Santa Claus from which one can get something. But the size of the government's bag today is tiny. So to satisfy everyone, the government distributes inflation to everyone. There is also another problem which we must correct.

[EXAME] What is that problem?

[Bacha] As long as spending is controlled by sitting on the cash box, everyone—you, me, and the fans of the Flamengo and Corinthian soccer teams—will realize that this is not a situation that can continue. When the executive branch sits on the cash box, what does Congress do? It prohibits the use of quotas. It sees that the executive branch is using appropriations that are not really budgeted—that it is using a dodge called the remuneration of available Treasury and Central Bank funds. Then some clever fellow says: "It is a good idea to call that Item 188. Let us get our hands on that money." The tricks used by the executive branch to get around the expenditures authorized by Congress are being discovered, and they show that we must necessarily have more inflation.

[EXAME] How does the government intend to pay its debts?

[Bacha] We are in a situation of fiscal repression. The state owes more than it can afford to pay. To resolve that issue, we are working on a program for securitizing debts. The idea is to create government securities equal in value to what the government owes its suppliers of goods and services and to let those securities be used for the purchase of government-owned firms. This already exists to some degree, but we are thinking of expanding the possibilities for securitization by including even the debts created by the Housing Finance System, for example. This needs to be thought out very carefully because we do not want to say to just any of the state's creditors: "let the little children come unto us." Only unquestionable debts—those recognized by the courts—are going to be securitized.

[EXAME] The foreign exchange policy seems out of line for a country that has more than $20 billion in international reserves. The Central Bank, which is the only captive purchaser, pays the monthly inflation rate to sellers. Isn't the team thinking of standardizing and deregulating the exchange rate and even allowing people to open dollar-denominated bank accounts?

[Bacha] Altering the foreign exchange system in the direction of greater deregulation must be handled very carefully so that the change will proceed in parallel with the change in the fiscal system. We want to move toward a system of greater freedom in the field of foreign exchange. But we are fully aware that doing so must depend on our being able in fact to successfully implement the program for changing the fiscal system. Otherwise we will be at the mercy of speculators, and we are not going to allow that.

[EXAME] You were one of the authors of the Cruzado Plan. Are conditions today more favorable for implementing a stabilization program?

[Bacha] If we had known then what we know now, we would have done the right things then. There was no consensus that we were experiencing a crisis in the Brazilian state. It was believed that the problems were due to the foreign debt and to poor administration in the final phase of the military regime.

[EXAME] Were there errors in the diagnosis?

[Bacha] Yes. At the time, we felt that the economy was still in recession and that, consequently, there was plenty

of idle capacity to be used. Another mistake was our feeling that the problem with the public debt had been solved during the difficulties of 1983 and 1984. The deficit reappeared along with democracy, when pleas were made to relax wage controls in the public sector and when government-owned firms again began to increase their spending as before. This was not understood at the time. To make things worse, the diagnosis underlying the Cruzado Plan was purely economic and unrelated to the political circumstances which eventually wrecked it.

[EXAME] And what is the current diagnosis?

[Bacha] Today it is the one outlined by me in an article for EXAME in September. We have a far-reaching crisis in the state. The development-oriented state that was created in the 1930's and revived from the 1950's to the 1970's is bankrupt. Building walls around our economy has reduced the rate of imports from 20 percent of GDP in the 1930's to 5 percent. In addition, there is a crisis in the social exclusion model that we inherited from the colonial period, made worse under the empire, did not deal with under the republic, and then made still worse during the dictatorship. As a result of democracy combined with the urbanization of the economy, that exclusion model has exploded into the social conflicts that are now devastating Brazilian cities. Lastly, the inflationary model used previously is in crisis.

[EXAME] How so?

[Bacha] Inflation has always been useful in Brazil for eliminating conflicts because it has fueled growth. But growth has suddenly stopped, and the only thing left is ever-increasing inflation.

[EXAME] The 1.5 years remaining to this administration do not provide enough time to put the house in order. What goals would you be happy to achieve by the end of that period?

[Bacha] First, I would like to establish truth in budgeting. This means that the government will not need inflation either to restrict spending or to finance its deficit. Second, I would like to close the so-called extrabudgetary sieves constituted by the government-owned firms on the one hand and the states and municipalities on the other. On this issue, what is needed is a final decision on the state banks so that, if they survive, they will no longer be able to issue currency as they can now. We need only one central bank in this country, not the 27 we have. Looking further into the future of the Brazilian economy, it will be necessary in the course of constitutional revision to redefine such things as job security for government employees and the financing of welfare and health expenditures.

[EXAME] If all those goals are achieved, how low might inflation fall?

[Bacha] It is impossible to say because nothing like this program has ever been tried before. Some cases of superinflation have been overcome after reaching the hyperinflation stage. Those are the classic cases in Europe following the two world wars, in Bolivia in 1985, and perhaps in Argentina, although there is doubt as to how strong hyperinflation was there. Other instances of inflation were overcome only by a strong and well-defined majority political force, not one that was makeshift in character. In those cases, control was exercised simultaneously over the fiscal deficit and over the factors favoring inflationary inertia. That is what happened in Mexico, Israel, and to a lesser extent, without superinflation, in Italy and Spain during the 1980's.

[EXAME] What about Brazil?

[Bacha] Here there are two adverse circumstances: first, we do not have a majority political coalition that is strongly defined and already united around a program. Second, we have had successive failures with partial efforts at stabilization that included deindexation and a promise of tax reform, although that promise was never kept. From the technical standpoint, that has made it impossible to imagine any sequence of measures other than a change in the fiscal system as a precondition for achieving stabilization.

* Projected 3.5 Percent GDP Growth Discussed

93SM0352B Sao Paulo VEJA in Portuguese 7 Jul 93 pp 80-81

[Article: "Concrete Bubble"]

[Text] *Even with high inflation and unemployment, the Brazilian economy will grow by 3.5 percent this year.*

After three years of poor results, the Brazilian economy is expected to end up in the black in 1993. This year may end with growth of 3.5 percent in the gross domestic product (GDP). That figure was announced last week by the Institute of Applied Economic Research (IPEA), an agency of the Ministry of Planning and one of the country's most respected centers for economic research. The IPEA had been talking about growth since the start of the year, but at slower rates. In January its experts were predicting growth of 1 percent, and two months later they revised that figure to 3 percent. The wheel of the economy is turning so fast that the experts have increased their optimism once again and thrilled their top boss, President Itamar Franco, who is obsessed with ending the stagnation. "The Brazilian economy has begun to recover from a long recession," Itamar said on Thursday in Asuncion, Paraguay, where he was attending a meeting of the presidents of Mercosur [Common Market of the South].

What is meant by "economy" is the private sector. The public sector, headed by Itamar, is going to end one more year in the red, with a deficit that may reach $12 billion or more. The private sector, charged with electricity, is even hoping to set a few production records. The automobile industry is expecting its best year ever. It expects to produce 1.3 million cars, buses, and trucks. The agricultural sector should grow by 9 percent compared to

1992—and 1992 itself was a good year. Since the exchange rate is satisfactory, exports may exceed $39 billion, leaving a trade balance of $16 billion or more. The consumption of cement, electricity, and fuels—another indicator of the economy's temperature—is up.

Bolts and screws: One other important piece of information: the firms are more solid. The number of bankruptcies recorded in Sao Paulo in the first quarter of 1993 was down 50 percent compared to the same period in 1992. Even individuals seem to be on more solid ground. According to a survey by Serasa, a firm operated by the banks, Brazilians are writing fewer bad checks. Thanks to all those figures, Brazil seems different from the country that existed following Collor Plans I and II, when there were newspaper reports every day of mass layoffs or bankruptcies by famous firms. "The economy grew by 4.7 percent in the first quarter. If it continued at that rate, there would not be enough bolts and screws for the cars or parts for the machines," says Claudio Considera, an IPEA economist.

That phenomenon, which challenges the theorists' explanations, is very interesting. The country has had a turn for the better in a hostile atmosphere. Interest rates, those inhibitors of production and consumption, stand at 15 percent per year in the best of cases and are at least double that in the worst of cases. Such rates would be intolerable elsewhere. The minimum wage, already adjusted for July, is not even up to $100. Chronic inflation is bubbling at around 30 percent per month. Other countries faced with smaller difficulties have sunk into deep recession. Brazil is managing to pull itself partly out of the swamp, and so far there is no very clear explanation for that contortion. Former Minister Roberto Campos believes there is a combination of factors. People may have consumed a great deal at the start of the year out of fear that prices would get farther out of line. The private economy has become more competitive and is now showing its vigor.

Without Brasilia: Rio de Janeiro economist Claudio Contador, who specializes in economic analysis, feels that society has forgotten that there is a muddled public sector and is going its own way. "One of the best things of all is that the country has learned to live its own life and ignore Brasilia," he says. Economists are also debating whether the growth predicted for 1993 is a temporary bubble or the start of a more lasting recovery. On that subject, former Minister Campos draws attention to one good sign. Businessmen are buying machinery for their firms. Sales of such machinery may rise by 10 percent this year. "That is excellent, because the sector in question is the first to enter a recession and the last to come out of it," he says.

In an economy as complicated as Brazil's, anything can happen—anything from a disastrous recession next year to a longer period of growth. At the moment, stagnation has given people a respite. Consumers are again visiting the merchants, who have had a rough time of it in recent years—even in such favorable seasons as Christmas. The Barra Shopping Center, one of the largest in Rio de Janeiro, recorded a 54-percent increase in sales during the first quarter. At the Morumbi Shopping Center in Sao Paulo, the growth amounted to 50 percent. Consumers are buying higher-priced items. Manufacturers of household electrical appliances, who had an unpleasant time of it from 1990 to 1992, sold 34 percent more than they had in the first six months of 1992.

Some comments concerning the growth of GDP in 1993 are called for. Unless the government helps society by carrying out thoroughgoing reforms in its rotten structure and restoring the value of the currency, it is not likely that the country will do well in 1994. In addition, a 3.5-percent growth rate is not a big victory when one recalls that Brazil has wasted 12 years in erratic economic movements and needs to grow steadily over the next few years to make up for lost time. The IPEA's 3.5 percent is not much, true, but it is giving us a respite.

* Military Seek Political Role Through Elections

93SM0347A Brasilia CORREIO BRAZILIENSE in Portuguese 4 Jul 93 p 2

[Article by Claudia Moreira: "Military Want To Return to Politics Through Direct Election"]

[Text] The military are determined to get back into politics, not by force or by coups but by a democratic process: elections. The idea is to choose two candidates in each state next year. To implement that idea, they are already negotiating with the Social Christian Party (PSC), which plans to run 54 military officers as candidates for elective office throughout the country.

According to Itibere Zen, regional PSC president in Brasilia, the military intend to have a candidate for governor of the Federal District and even for president of the republic. The names are still being chosen, but consideration is being given to nominating General Frota, currently commander of the Amazon Region, to replace President Itamar Franco.

The party's national president, Victor Nosseis, rejects any idea of a military coup in connection with this participation in the election of military officers. In his opinion, the military are competent and disciplined and would turn Brazil into "what it should be." According to Nosseis, there is a difference between the military who took part in the 1964 coup and the military of today. "In the past, they took power by force. Now they will participate in the democratic process," he points out.

A great many of the military are optimistic about the elections even though they believe there may be some form of prejudice on the part of the population because of the years of dictatorship experienced by the country. The leader of enlisted men in the Federal District, Sherlock da Silva Santos, is one of those saying that the military are going to "clean house," but he emphasizes that it will not be done in a dictatorial way. "We are Brazilians, and we are here to defend our cause."

The military cause, according to Sergeant Sherlock, is morality and the dignity of the people. He says he expects to elect six candidates—divided among the Legislative Chamber, the Federal Chamber of Deputies, and the Federal District government—in the Federal District. "We have so many votes here that we can elect one senator and still have enough left over for deputies," he says in a joking overstatement.

Opposition: The election of military men is not viewed with unanimous approval by the military themselves. General Mario Stadler de Souza, coordinator of the Araucaria group in Parana, claims that in his state at least, there is no involvement or relationship of any kind with political parties. "Our objective is public morality and the dignity of men." The general believes that the military should stay away from the deals and bad examples that surround the political class.

Deputy Jair Bolsonaro (PPR [Progressive Renewal Party], Rio de Janeiro) also opposes the affiliation of officers with the PSC. On the other hand, he is in favor of their joining the PPR: "I can get from five to six military federal deputies elected." In his opinion, Brazilians do not vote for parties; they vote for individuals. The result is that even if expelled from the party, Bolsonaro believes he has the power to elect a small number of military. "The PSC was not even able to elect a municipal councilor in Rio de Janeiro, and now it expects to elect federal deputies?" he says sarcastically.

Meeting: To persuade members of the military to join the PSC, a meeting between political leaders and officers—generals linked to the Military Club—has been scheduled for 7 July. The discussion is expected to focus on an agreement by which the party will make its slate available so the military in the reserve can run two state candidates of their own in next year's elections.

According to party president Victor Nosseis, the military had already expressed their intention to participate in the PSC beginning with the announcement of its latest political platform last 6 May. There were even plans to have future candidates present on the program, but it had already been taped for broadcast and there was not enough time to change it. "It is certain that on our second program, on 30 September, the officers will make statements as future holders of elective office," he says.

PSC Supports Tough Measures

The Social Christian Party, which will be home to the movement, emerged from the former PDR [Republican Democratic Party] headed by Pedro Aleixo, former deputy, former minister, and former vice president of the republic (having been elected to that office by indirect balloting in 1969, when the era of the generals was in full swing). The PSC obtained temporary registration as a party in 1985 and was not formally recognized by the Superior Electoral Court until 1989. Today the party has four federal deputies—an insignificant congressional bloc.

The party's main ideological points are these: the establishment of a democratic system as defined by Social Christian ideas, with the most important figure in that system to be the human person, who must be preserved and protected by the state under all circumstances, taking precedence over all other interests. In addition, the party wants to promote programs of Christian and civic instruction aimed at the common good. Ironically, founder Pedro Aleixo had a falling out with the military regime and tried to establish the PDR as a means of opposing it.

The thing that most attracted the attention of the military was the party's defense of equal rights and duties for civilians and military, with the special features of each class to be preserved. The party also regards agriculture as being of priority importance in the development process and supports private enterprise, especially in the form of domestic small and medium-size businesses. Listed below are the results of a survey of 100 PSC leaders that was conducted last June:

1. The great majority agree with Deputy Jair Bolsonaro's statement concerning the military's return to power.

2. They want Congress to be shut down for one year.

3. The number of deputies should be reduced to 60.

4. The Federal Senate should be abolished.

5. A National Assembly should be established to replace Congress.

6. The property of persons who victimize the people through high prices should be confiscated.

7. Pay should be the same in all three branches of government.

* Braspetro To Expand Drilling Operations Abroad

93SM0347E Sao Paulo GAZETA MERCANTIL in Portuguese 6 Jul 93 p 11

[Article by Fatima Belchior: "Braspetro Expands Business Abroad"]

[Text] Rio de Janeiro—Braspetro, the Petrobras subsidiary for operations abroad, is planning to expand its production in countries where it does business by nearly 70 percent. Production will rise from the current 26.2 million barrels per day of oil equivalent (B/DOE)—petroleum and natural gas—to 44 million barrels at the start of 1996, based on petroleum and gas discoveries already made in eight countries.

Those figures were reported to this newspaper by the vice president of Braspetro, Jose Coutinho. "From a certain point on, Braspetro will have to invest so that production will increase or at least remain stable. If investments in new exploration are not made, the fields will eventually become depleted," he commented.

By the end of this year, Braspetro will not be producing petroleum or gas in only two of the eight countries in which it operates: Libya and Norway. In the others—Argentina, Ecuador, Colombia, the United States, the United Kingdom, and Angola—production will either begin or be expanded.

Braspetro's program for this year calls for investments of $143.7 million, an 11-percent increase over last year's total of $129 million. The company intends to invest $34 million in new undertakings in 1993.

Diversification

Angola, where Braspetro is in a consortium with Sonangol (the Angolan state-owned firm), Texaco (American), and Elf (French), is prominent in Braspetro's portfolio both from the standpoint of production and in terms of investments. Braspetro takes 15,000 barrels of petroleum per day from Angolan offshore wells. This year its activity in that country will require investments totaling $46 million.

Braspetro's investments in the United Kingdom will total $22 million this year. On the British side of the North Sea, the Brazilian firm produces 4,300 barrels per day of oil equivalent in the Magnus Field (British Petroleum is one of its partners), but there are plans to produce gas in the Johnston Field and to evaluate a new petroleum discovery.

Scheduled investments in the United States total $12.7 million. Three small fields in the Gulf of Mexico, which is where the Brazilian firm operates, produce 2,800 barrels per day of oil equivalent (petroleum and natural gas). The drilling plan for 1993 calls for six wells. Two of those have been completed, and one has turned out to be a discovery well producing petroleum and natural gas.

Braspetro intends to invest $16 million in South America this year, the money being divided among Ecuador, Colombia, and Argentina. In Ecuador, Braspetro is a partner with France's Elf and Argentina's Government Oil Deposits, and together they began producing 2,500 barrels of petroleum less than two weeks ago. Of that amount, Braspetro will get 875,000 [as published] barrels per day. Investments in Ecuador will total $6.4 million.

Braspetro's production in Colombia—600,000 barrels of petroleum per day—is scheduled to begin by the end of this year or no later than January 1994, according to Coutinho's forecasts. Argentina has received $3.9 million this year. Work in that country is divided between offshore exploratory wells (in the San Julian Basin in the south) and onshore production wells (in the Aguarague Basin in the north). The first well will be drilled in San Julian, a virgin basin, by May 1994. But in Aguarague, where there are other partners, Braspetro is producing 2,500 barrels per day of oil equivalent.

Libya will receive $9 million from Braspetro this year, while Norway will get another $5 million. Exploratory work in Libya is taking place in two basins. In Norway, the Brazilian government-owned firm has plans for the North Sea that may result in the production of 25,000 barrels per day for the members of the consortium by 1995. Of that total, Braspetro can count on getting 2,500 barrels per day.

Profit of $23.7 Million

Braspetro ended 1992 with a net profit of $23.7 million. A significant contributor to that result was the sale of petroleum and gas it produced abroad (accounting for gross revenues of $100 million). As of last May, the firm—a Petrobras subsidiary whose minor activities include the sale of services and the purchase of petroleum industry equipment—had recorded a profit of $10 million.

The firm's vice president, Jose Coutinho, commented: "Braspetro is growing." At the end of 1992, its foreign reserves totaled 133 million barrels of oil equivalent (BOE) [text missing] includes petroleum, natural gas, and condensate, a very light oil—105 percent more than the 64.7 million BOE.

The average cost to Braspetro of acquiring those reserves (exploration, production development, and the purchase of reserves) came to $2.27 per BOE. According to the May 1993 issue of the publication OIL & GAS JOURNAL, the average cost was $4.82 per BOE in the United States and $4.54 per BOE in Canada.

"That is the result of being selective in choosing deals. Braspetro avoided major risk and was successful in exploration," explained Coutinho, who emphasized, however, that success and good results for an oil company are not dependent solely on the discovery of petroleum. Last year, for example, Braspetro implemented a cost-reduction program that will result in savings of $4 million by the end of 1993—the same amount that will be invested in Argentina this year. The number of employees has been reduced from 304 to 241, some management positions have been merged, and a number of departments have been eliminated.

Chile

Special Judge Named To Probe Torture Charges

PY1308020693 Santiago Radio Cooperativa Network in Spanish 2300 GMT 12 Aug 93

[Excerpt] By a close vote, the Supreme Court this afternoon decided to grant an Interior Ministry petition to name a special judge to investigate the charges leveled by Brazilian psychologist Tania Cordeiro Vaz. The charges are for alleged abuse and rape by Investigative Police officials, as is stated in a lawsuit filed by lawyer Hector Salazar with the 14th Criminal Court.

The charges have created an atmosphere of uneasiness among Brazilian authorities. This led the Foreign Ministry to ask the Interior Ministry to request the designation of a special judge by the Supreme Court. By an eight-to-seven vote, the Supreme Court this afternoon granted the Interior Ministry petition, naming Alejandro Solis as special judge based on a preestablished selection mechanism.

Solis can undertake proceedings outside his jurisdiction and personally carry out the steps he deems necessary.

Solis is the Santiago Appellate Court judge most recently named by President Aylwin to his post. He previously headed the Fifth Criminal Court. [passage omitted]

Chilean Army Communique Reports Dynamite Attack

PY1208152893 Madrid EFE in Spanish 2203 GMT 11 Aug 93

[Text] Santiago, Chile, 11 Aug (EFE)—The Chilean Army today reported that a dynamite attack was carried out against a military garrison located near Santiago, causing considerable damage to the building.

The communique states that the attack on the San Bernardo military garrison, headquarters of the Chilean Army Infantry, which is situated some 30 km due south of Santiago, occurred on the evening of 10 August.

The communique adds that "there were no injuries, thanks to the timely intervention of the guardsmen."

In conclusion, the Chilean Army stated that "besides condemning the attack, the Chilean Army reiterates its commitment to taking all the necessary measures to protect its personnel and facilities."

Police sources today confirmed that the police are investigating an anonymous phone call made on the evening of 10 August, reporting the alleged kidnapping of a Carabineros (military police) officer in an eastern district of Santiago.

A second anonymous phone call confirmed the event, claiming that the ultra-Marxist terrorist "Lautaro Group" was responsible for the abduction.

Carabineros are counting up their personnel, while police officers are visiting newspaper offices and radio and television stations in light of reports that they have also received calls from the alleged perpetrators of the crime.

Colombia

Gaviria Speaks on Economy, Drugs

PA1208214793 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0130 GMT 12 Aug 93

["Part two" of an interview with President Cesar Gaviria by Dario Arizmendi at Narino Palace; date not given; from the "Face to Face" program—recorded]

[Text] [Arizmendi] What would you like to achieve in the year you have left as president?

[Gaviria] As you know, I have many plans. Obviously, I would like to see Congress pass the Social Security Bill. I would like to see my public order policies strengthened as a result of congressional approval of bills we have presented to Congress. There is the electricity bill, the environment bill, the public services bill, the general education bill—a series of regulations that are part of the Colombian modernization policy I would like to push forth.

[Arizmendi] Are four years enough?

[Gaviria] In my case, yes. When my term ends I am not going to say that I needed more time to achieve some things. Certainly not. Maybe I could feel that I want to govern for more time, although I don't think I will feel that way, but I will never be able to say that I needed more time to do my work.

[Arizmendi] After three years, do you feel worn out?

[Gaviria] There is, of course, some drop in popularity. In 1992, especially—more than in 1993—there was some recovery. But I feel that I am governing. I do not feel weakened because of the nearness of the end of my term of office, although I know that this may happen eventually. I feel I am governing. I am pushing for a great deal of legislative work. I am doing things. I am consolidating the process. The sun may be behind my back now but I feel I am governing.

[Arizmendi] For what will you be remembered?

[Gaviria] Time will go by but the people will remember, vaguely, the radical change [revolcon] that took place here. This word will persist in Colombian politics for decades. I think it highly improbable that this country will have another period with so many radical changes in so many sectors as during this past four years.

[Arizmendi] What is left in you of your Pereira and paisa [people from Antioquia Department] background?

[Gaviria] Everything! [laughs] I am completely paisa, Dario. The country has had other presidents from the countryside, but none of them has been so much a countryman as I am. I lived in Pereira. I was not born there but I lived there. My children are from there. My family lived there until not very long ago. That is where they were born. I am basically this way. This is why in Santa Fe de Bogota the people sometimes do not understand me. Some believe that I have not completely joined society. Sometimes they find me retiring. They tell me I am cold.

[Arizmendi] And you don't feel you are a cold person?

[Gaviria] No way. [laughs]

[Arizmendi] Not cold, but calculating?

[Gaviria] What happens is that people use my pragmatism sometimes to defend me and other times to attack me. [laughs] Sometimes a person who may want to cross me will say: That guy is cold and pragmatic. Another person will say: The president is a cold and pragmatic man who gets things done. These words can be used with two meanings and for two different purposes.

[Arizmendi] Somebody once told me: The president gets excited watching a game by the national football team. He is moved by the books of Carlos Fuentes, and he has cried.

[Gaviria] Of course, what man has never cried? Imagine that.

[Arizmendi] No one has ever seen you crying.

[Gaviria] I have cried. Of course I have cried.

[Arizmendi] Alone?

[Gaviria] I cry more easily over excitement than over problems.

[Arizmendi] Did you cry out of anger the day Pablo Escobar escaped?

[Gaviria] No, no. At a moment like that one has to be in control of the situation and facing the problem. I was excited and under pressure because of an unfavorable situation. Passionate situations are what make me shed most of my tears.

[Arizmendi] I have been told that one of the episodes that has angered and stunned you the most was when your brothers were criticized. How do you see that episode now?

[Gaviria] That is in the past. In some cases it involved some fears. Like in the case of my brother-in-law, it was a matter of fear, and there was no problem there, as the Attorney General's Office has reported.

In other cases, it involved behavior that some sectors have viewed as somewhat controversial and that perhaps should not have occurred because it was somewhat controversial. But that was not illegal and did not involve favoritism from public officials. It was the case of my brother Juan Carlos.

He still has some matters pending on strictly local matters dealing with compliance with urban guidelines as a builder. I hope it turns out well. I feel this is being left behind, although I must confess the circumstances chagrined me. I feel this is being left behind in its proper perspective.

[Arizmendi] Was he taking advantage of a situation or incurring in what somebody called unseemly behavior?

[Gaviria] Some feel this way, and I have to respect them because this is a problem of the value judgments each one makes under the circumstances. I have to respect the people who feel that way. I have to.

[Arizmendi] How about the criticism regarding the alleged excessive power of Mrs. Gaviria and the handling of Colfuturo [expansion unknown]? Are you totally satisfied with the results and explanations given?

[Gaviria] I do not understand how a legal entanglement or controversy arises because the public and private sector joined efforts in an enterprise of that nature. As I said in the Congress, I do not share that wicked interpretation of the Constitution that it forbids the public and private sectors from working toward those objectives. I think it is very harmful.

[Arizmendi] Why did you change the rules of the game on the opening to the private sector? In your inaugural speech you said: I am not going to have a shock treatment; the opening will be gradual. Deadlines and tax reductions were promised, yet halfway down the road there came a complete opening. Why did you support the finance and public treasury minister in that policy?

[Gaviria] Two basic things happened. First, and this did not only happen in Colombia but also in other Latin American countries like Mexico, Chile, Argentina, and several others, capital was repatriated as a means of seeking higher interest rates. The international recession and the drop in interest rates in the United States and other countries had started, and the economies of these Latin American countries were flooded with dollars, Colombia included. The growth of Colombia's international reserves became unmanageable, prompting us to try to reduce the amount of money in circulation as a way to handle a very complex problem.

Second, because of the expectation that the tariffs were going to drop further, instead of importing more people began to import less. Compounded by the accumulation of reserves because of the influx of foreign exchange, this situation became frankly unmanageable. In 1991, domestic interest rates shot up and up in a manner that was unthinkable. Because of the opening we were importing more not less. An economic problem arose that was impossible to handle so we had to make the decision to step up the opening process.

[Arizmendi] To protect the hardest hit sectors, namely textiles, manufactured goods, hide, and agriculture, can we think at this time of some controlling mechanisms to return to gradual economic opening?

[Gaviria] They are asking us to protect them from dumping and unfair competition, those sorts of problems. But such problems are not handled by scaling back the opening. They are handled with the instruments created in international commerce to apply safety clauses, import prices, and those sorts of controls. To be sure, when one opens the economy and competes there are also undesirable effects. There are some undesirable effects. But one also accepts the problems of international commerce. These are facts of life in international commerce. We have dumping, unfair competition, and those things we want to correct. If one wants to participate in international commerce, one will always find

problems of dumping, and not just in Colombia but in Mexico and the United States. Everybody finds the same sorts of problems Colombia runs up against. We must learn to administer, handle, and correct them.

[Arizmendi] During last year Colombia imported 2 million tons of food and raw materials. In addition, nearly 400,000 hectares of seasonal crops were left unsowed. What can we do about the agricultural crisis, Mr. President?

[Gaviria] My position with respect to the real reasons behind the agricultural crisis has always bothered some unions. I have always believed that the crisis in this sector, more than being caused by imported goods, is in part a result of the recession, the 1991 currency revaluation which was unavoidable and caused by capital repatriation, growth of reserves, and probably because we had devaluated more that we should have. In large measure, the crisis was also the result of the fall in international prices which had devastating effects not only on Colombia's agriculture but also throughout Latin America and in numerous other developing countries.

Another reason for the agriculture crisis lies in the agreements with bordering countries, which cannot be unraveled by adopting unilateral measures. I am referring to agreements such as those with Venezuela, Ecuador, and Bolivia. Lastly, as a fourth reason, we could mention the import problems.

[Arizmendi] Mr. President, with only one year left for your mandate to conclude, what is your pledge and commitment to the agricultural sector? What priority do you give to solving this crisis?

[Gaviria] We have been carrying out refinancing efforts, strengthening the Agrarian Fund, using price ranges to protect the sector more, suspending some product imports, and using absorption mechanism agreements. The general policy is to adopt several guidelines that will encourage development in this sector which, unfortunately, has gone through a difficult time. I believe this sector's misfortunes have been more related to poor international circumstances than to the Colombian economy's internationalization policies. In the medium and long-term these policies will be favorable to the agriculture sector, which is the sector most hampered by the protectionist policies practiced in Colombia during the past decades.

[Arizmendi] Are you really that clumsy when you dance, Mr. President?

[Gaviria] On the contrary, I dance quite well. My dancing is legendary. Where I come from, we really learn to dance. It is not like here in Santa Fe de Bogota where nearly everyone has a hard time learning to dance. [laughs].

[Arizmendi] What does the first lady have to say about your dancing?

[Gaviria] She loves it. She only likes to dance with me. Have you not heard her say so?

[Arizmendi] That is better known as jealousy.

[Gaviria, laughs]

[Arizmendi] Do you both follow the tune well?

[Gaviria] Of course. I love to dance. It is not merely that I dance well, but I like to dance.

[Arizmendi] When have you felt afraid to really be yourself?

[Gaviria] I believe that [SEMANA Chief Editor Mauricio] Vargas is right.

[Arizmendi] Really?

[Gaviria] Of course, of course. There are times when one just stops. There are times when boldness just stops a bit because it also has to do with good judgment and knowing that we will accomplish our objectives. I do not like to turn back on what I am doing. Nevertheless, without any doubt, sometimes we tend not to say all that we could.

[Arizmendi] Why were you nicknamed the horse during your university days?

[Gaviria] Probably because of my stubbornness. I have always been a very determined person. I have always had a lot of discipline and when I do something I tend to be a bit excessive. Ever since I was in high school I have been like that.

[Arizmendi] Who is your best friend?

[Gaviria] That is a very difficult question. Normally our best friends are those that surround us now that we are president. In general, my best friends are among the people who surround me. In other words the kindergarten group. I do not have to mention their names. I still do have friends outside the government who have supported me throughout my life and have helped me.

[Arizmendi] Is the first lady the mother superior of the kindergarten?

[Gaviria] [Laughs]. No, no, no. She has her own work group with which she works and establishes programs and they get along. Generally speaking, we are all part of the same team.

[Arizmendi] Although she denied it during a recent interview with me, friends of both of you assert that you send each other love notes and that your relationship is very loving and warm.

[Gaviria] That is right. We send each other love notes; we have a beautiful relationship, a family that is much tighter knit than is usually expected at a presidency. This is also the case with my children. I believe we have gone through this entire period of our public lives without doing any serious harm to the family.

[Arizmendi] Will you promote huge rewards for the chiefs and capos of other Colombian drug cartels besides the Medellin cartel?

[Gaviria] Yes, it would make no sense to do otherwise. I believe the authorities who make those decisions have given priority to individuals who participate in terrorist activities. Using this criteria they have selected the most wanted people, not simply outlaws or criminals but those who perpetrate terrorist acts. Obviously, however, this reward policy should include everyone, all criminals. It must be extended to every form of crime and must not only be pursued on television. The time will come when we will have to limit the use of television and think of other media that will not tire the people. I do believe the measure should be extended to all forms of crime.

[Arizmendi] Do you believe you are winning the war on drug trafficking or can you not win it during this government?

[Gaviria] No, Colombia cannot win the war against drug trafficking alone. It would be silly to think we can do it alone. We cannot defeat drug trafficking by ourselves. The international community must adopt stronger decisions, devise a clearer multilateral strategy, and carry out broader joint efforts.

We have made more efforts and sacrifices than anyone else. The international community has recognized this. I think we did this because at one time we realized our democracy was in danger, that it was not simply a problem of drug trafficking. Our civilized life, our democracy, was being threatened by some drug trafficking capos and criminal organizations. We must keep this problem under control as much as we can. I believe these activities have moved to other Latin American countries as a result of our efforts. As I said, we will never be able to defeat drug trafficking by ourselves. I believe we can significantly reduce drug trafficking activities in Colombia, but I also believe that as long as it remains an international problem, it will not disappear in Colombia.

[Arizmendi] In 1992, according to statistics, there were 2,500 hectares of poppy crops. Today, there are 11,000. How will the government go about attempting to eradicate this crop?

[Gaviria] When we began destroying poppy plants with glyphosate, we thought there were 2,500 hectares, and then we found out there were many more. I believe there are more than 11,000. The truth is that we were not aware of the dimension of the problem. We thought it was as small problem at the beginning, and suddenly we realized the problem was bigger than we had initially thought. We must effectively face this and not let it become as big a problem as cocaine. I believe that our country should continue making efforts to prevent the emergence of heroin or poppy plant cartels, as that would be very harmful. I believe we must persevere with our efforts to eradicate poppy plants. Of course, I also believe the international community must help us implement policies to replace those crops in some regions. That is necessary. We need a policy to replace those crops. I disagree, however, with letting the problem of poppy plants and heroin become another problem as serious as cocaine as a result of subterfuge or inappropriate environmental arguments.

[Arizmendi] What will you do after 1994, when you leave office?

[Gaviria] [Laughs] Dario, I am going to retire.

[Arizmendi] You will retire as a former president?

[Gaviria] I do not know what I am going to do. I do not think this is so important nor do I think that the Colombians are that interested in what I will do.

[Arizmendi] Well, for a person who leaves office at 44 or 45....

[Gaviria, interrupting] I will be 47 years old.

[Arizmendi] So then you are going to leave the presidency at 47. Now, with the power and the weight former presidents have had and they continue to have in this country, I cannot imagine you tucked away in some embassy.

[Gaviria] I would not go that far. I think I have the obligation to improve my family's quality of life. I should devote more time to them; I should get involved in intellectual matters. The truth is that I have not given this much thought because I believe it is a simple matter.

[Arizmendi] As president, what appeals to you and what do you dislike about the position of former president?

[Gaviria] I believe that former presidents are figures that should be consulted when necessary and that they are important in foreign policy. Now, the claims that former presidents should be the natural party leaders, the main political figures—as a sort of an inborn right—independent of political conditions and circumstances, has never appealed to me as an interesting or attractive option.

[Arizmendi] It is said that Ana Milena, your wife, the first lady, is studying French.

[Gaviria] [laughs] Yes she is, but for a different reason than mine. I feel a lacking for not knowing French. We know some English, although we are not totally....

[Arizmendi, interrupting] Bilingual....

[Gaviria, interrupting] Yes, bilingual. But we have good knowledge of English and so do the children. But we have always felt lacking for not knowing French. The truth is that when one travels and one is abroad, it is needed.

[Arizmendi] I already see you in Paris.

[Gaviria] Not necessarily. [laughs]

Gaviria Says U.S., Cuba Must Change Attitudes

PA1208203093 Madrid EFE in Spanish 1910 GMT 12 Aug 93

[Text] Santa Fe de Bogota, 12 Aug (EFE)—The United States and Cuba must change their attitudes to promote a change in their relations, says Colombian President Cesar Gaviria, who advocates a peaceful solution with the active participation of Cuban President Fidel Castro.

"I understand very well that both sides must eventually make a move," because "this is no longer a security issue but primarily an ideological issue," Gaviria said on 12 August during a news conference.

"Because of this I believe it is possible for them to make changes that will lead to the achievement of certain goals that could help resolve a situation that is very complicated, even irritating to all of Latin America," the Colombian president said.

Gaviria asserted that the meeting with Castro in Cartagena de Indias was productive. It was in line with the policy that the Group of Three (Colombia, Mexico, and Venezuela) is developing "which is shared to some extent by Spain," and that he will meet with the Cuban leader as many times as necessary.

"It was not a secret meeting but a private one," Gaviria explained with regard to the silence he maintained in the colonial city during the two-day meeting.

Colombia will insist on "the need to find a political and economic solution to the long-standing confrontation between the United States and Cuba," said the president, who has been widely criticized by right-wing sectors for inviting Castro although Colombia and Cuba do not maintain diplomatic relations.

"I believe and will continue to believe that the Cuban people are entirely capable of adopting initiatives that will foster greater political freedom, progress, and market forces. We all trust that this will finally happen," Gaviria said.

He insisted that the "dialogue with Castro is interesting." Although the Cuban president has not yielded on the points of view presented to him, "he did consider that this dialogue is productive. Only through a process of this kind will we be successful in achieving these kinds of changes at the initiative of the Cuban Government."

Gaviria indicated "(these changes) have already begun to take place in some areas" and noted he is "convinced that as this begins to happen elements in U.S. society, the government, and the Congress will emerge with the idea of seeking a solution."

"I think most Latin Americans want changes in Cuba to take place at the initiative of its own government and want these changes to be peaceful and orderly, which in time will allow Cuba's total reincorporation into the international system," Gaviria stressed.

"Colombia's stance is not to anticipate events. We do not seek a reincorporation if changes do not take place. We do not seek to pressure the United States into adopting measures," he added.

The president also ruled out a hypothetical U.S. reprisal against Colombia for its hospitality to Castro and said that country "has not been critical of efforts we have conducted in the past within the Group of Three."

Changes in Cuban-U.S. Relations

PA1308012693 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 13 Aug 93

[Report by Alvaro Ayala; from the "24 Hours" newscast]

[Text] President Cesar Gaviria on 12 August broke his silence about Fidel Castro's visit to Colombia. He said our country fears no reprisals from the United States because it is autonomous and independent in its international relations.

President Gaviria said: Colombia believes that Fidel Castro's visit to Cartagena de Indias will not affect the good relations it currently has with the United States because other countries—including Mexico, Venezuela, and Spain—are also trying to mediate on this issue.

[Begin recording] [Gaviria] A way must eventually be sought to settle the conflict that has prevailed between Cuba and the United States for so many decades. Cuba must carry out some economic and political reforms. We all want them carried out but at the Cuban Government's own initiative.

[Ayala] Will this cause a problem between Colombia and the United States?

[Gaviria] No, this will never occur. We have an autonomous and independent international policy. We had sponsored a mediation like this within the Group of Three framework. [end recording]

Gaviria added his goal is not to persuade the United States, either.

[Begin Gaviria recording] The changes eventually implemented by the Cubans concerning the United States, or vice versa, must be decided by their countries, their governments, their congresses. That decision is entirely up to them. [end recording]

The president said he will try again as long as he sees any possibilities and hope.

Bomb Explosions in Medellin Suburb Injure 5

PA1308031593 Paris AFP in Spanish 0227 GMT 13 Aug 93

[Excerpt] Medellin, Colombia, 12 Aug (AFP)—The police have announced that five persons were wounded, three of them quite seriously, when two moderately

powerful bombs exploded on 12 August in Copacabana, a suburban community on the outskirts of Medellin.

A policeman, a woman, and a child who were passing near or through a police station parking lot where the first explosion occurred were seriously wounded.

Later, along the freeway to Copacabana, 16 km north of downtown Medellin, two policemen were wounded when their police car was attacked with a second bomb as it was on its way to investigate the first explosion. [passage omitted]

Liberal Party President on Election Issues

PA1208160993 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 11 Aug 93

[Interview with Julio Cesar Turbay Ayala, Liberal Party president and former president of Colombia, by Dario Arizmendi in Bogota; from the "Up to the Minute Caracol" newscast—live]

[Text] [Arizmendi] Our interview today is with Julio Cesar Turbay Ayala, former president of the republic and PL [Liberal Party] president. Mr. former President, good morning.

[Turbay] Good morning. Thank you for inviting me.

[Arizmendi] In recent public statements, Enrique Parejo Gonzalez, former minister of state and PL presidential candidate, called on you to resign, claiming that you were unable to unite or obtain the consensus of all PL presidential candidates. What will your reply be? Do you expect to resign?

[Turbay] My reply is that this is just an excuse to conceal his lack of discipline and lack of solidarity with the talks, a thesis promoted by this party's [word indistinct] martyr [Luis Carlos] Galan. Naturally, when someone does not want to submit to important guidelines like the talks, which would guarantee party unity, then that person looks for other excuses, tries to proclaim his own candidacy by asking that, contrary to party guidelines, his superiors step aside instead of following the regulations which I referred to, setting examples of discipline and honoring Galan's memory. Galan promoted the process of talks; he also suggested they should coincide with congressional elections.

[Arizmendi] In other words, you are not resigning. You are calling for discipline.

[Turbay] What I am calling is indeed discipline. In addition, Mr. Parejo is in no way entitled to call for my resignation.

[Arizmendi] Are you also rejecting any moral or political authority for presidential candidate Carlos Lemos for having abandoned the PL? During your administration, Mr. Lemos was once foreign minister.

[Turbay] I do not reject the moral authority of Dr. Lemos because he has not made any statements similar to Mr. Parejo's.

[Arizmendi] Yet, despite this he has abandoned all PL initiatives.

[Turbay] He said he was above party discipline, but that is different from the other situation in which Enrique Parejo has asked for resignations because he does not feel he must obey.

[Arizmendi] Mr. President....

[Turbay, interrupting] And because he does not obey rules of discipline, he calls for the resignation of those charged with imposing them.

[Arizmendi] Former president, with all due respect, is dissent not the essence of the Liberal Party's doctrine, philosophy, and ideology?

[Turbay] Yes, dissent....

[Arizmendi, interrupting] What about criticism?

[Turbay] Yes, dissent is. However, it's one thing to have the right to dissent, and it's another to have lack of discipline, disobedience, and disagreement with norms of the party's structure.

[Arizmendi] Does that mean that all without discipline will be denounced?

[Turbay] No, sir, they will simply be treated as undisciplined members.

[Arizmendi] But won't they be ousted from the party?

[Turbay] They will not be ousted from the rank and file; no one has the authority to exclude any member. However, party members can—according to their criteria and their sense of responsibility—be within or outside the party discipline. It's just that being outside is not the same as being inside. When they are outside party discipline they cannot have the Liberal Party's support and be categorized as true liberals.

[Arizmendi] The way things stand, Mr. Former President, do you believe it possible for Carlos Lemus to return to the fold?

[Turbay] I do not know. It's an appealing idea, but I don't know if it's possible.

[Arizmendi] Former President Turbay, Liberal Party leaders, led by you, recently issued a statement asking that the morality issue not be used as an electoral issue. Senator Andres Pastrana said that the position assumed by the Liberal directors is unbelievable. According to Pastrana, you want to cover up the nation's biggest problem, that is, immorality.

[Turbay] Precisely yesterday I received Pastrana's letter; I sent him my reply today. I will read a few lines from my response.

Dear friend: I received your 6 August letter today, to which I am gladly responding. A recent Liberal Party document stated that morality should not become an electoral issue. Trying to win electoral advantage through the morality issue is to take improper advantage of a universal issue that does not belong to any one group or party. Rather, it is the legacy of a society formed by ethical values of natural behavior and is not accountable in voting. I reject the notion that one party is the morality party and another is the immorality party. Moral power is a superior asset that existed before political parties did. No society can survive without morality. Mr. Pastrana, I believe that morality should not be defended in anticipation of electoral rewards. Let us defend morality without expecting any reward but that of living in dignity and respect. This should be reflected throughout the entire social spectrum, without taking into account the enhancement of individual group, party, or personal political prospects. I believe that you will agree with me on the [words indistinct] I set out in this letter are in total keeping with the [words indistinct], which as you said, was Pope John Paul II's theme. Sincerely yours, Julio Cesar Turbay A., national director of the Liberal Party.

[Arizmendi] Mr. Former President, In Japan, Italy, Spain, and practically all the world's democracies, everything related to morality is an issue of electoral debate.

[Turbay] This is an issue that can certainly be discussed but should not be exploited as an electoral issue. My thesis must not become an campaign issue but can be a political banner. It must become a part of the behavioral principles that political organizations and society in general should adopt. Morality is such an important issue that it should not be subject to campaign debate.

[Arizmendi] How then do we differentiate between an issue that is in fact a topic for discussion, as you have said, but not a campaign issue? When one presents it as a topic for discussion during en election campaign, however, it then becomes a campaign issue.

[Turbay] You can present specific arguments during the campaign regarding various aspects of the Colombian lifestyle and ethical values we should uphold. You cannot expect to exploit the moral theses and ethical values. These should not be grounds on which someone can gain electoral advantage. These values must be natural behavior for a political group, a leader, an institution, or a corporation. If defending a certain set of moral principles means a loss of popularity for he who defends them, then popularity must be sacrificed. [Words indistinct] popularity should be for he who lives ethically, with dignity, and honorablly. Hence, I reject the proposal that says we should derive electoral gains from morality.

[Arizmendi] But will the Liberal Party, under your leadership, be prepared to name corrupt officials, be they Liberals, Conservatives, or Communists?

[Turbay] Of course. This would fall within the framework of a fair campaign. I am one of those who says it is people, not institutions, who commit crimes. In matters of morality, when one wants to set precise objectives, one must refer to people who are likely to be accused of abusing morality, instead of using it as a general guideline, which is typical in an election period when trying to win the most votes.

[Arizmendi] Andres Pastrana proposed a joint patrol by all parties to protect morality in public administration. Are you proposing, in the name of the Liberal Party, that the discussion of morality be suspended?

[Turbay] I am not proposing.... [pauses] I don't know why you don't want to understand that I am proposing that morality be regarded as something natural, which is what it is, or something that entails a conduct that is not likely to be destroyed at the polls or exploited in an election. It must be instead the obligatory conduct of groups, person, and [word indistinct]. That is what I am saying. To be sure, everything that can be done to defend morality, without trying to win electoral dividends, is respectable [words indistinct] trying to turn it into a election issue lacks the ethical scope of the true campaign that must be waged around this topic.

[Arizmendi] Moving on to another topic, your colleague, former President Alfonso Lopez Michelsen, told the media in Miami that he endorsed the candidacy of Foreign Trade Minister Juan Manuel Santos for presidential designate. Former President Victor Mosquera Chaux threw his support behind Communications Minister William Jaramillo Gomez. Will you remain neutral as party president, or will you support any of the two candidates?

[Turbay] As the head of the Liberal Party I need to and am duty-bound to maintain total neutrality. Those two distinguished former presidents are free to support two outstanding candidates who deserve this honor. As the head of the party, I must remain totally neutral, hoping that the congressional board in its wisdom and prudence will make the appropriate choice.

[Arizmendi] Do you plan to be present at that board meeting?

[Turbay] No, sir, precisely so there can be no doubt whatsover about the attitude of the Liberal Party leadership.

[Arizmendi] Some sources said that approximately two months ago you discussed the topic with the president. Would you tell us about that meeting?

[Turbay] We discussed the need to elect the presidential designate. We did not discuss individuals.

[Arizmendi] No name in particular was mentioned?

[Turbay] No, sir. We did not talk of names but of concepts.

[Arizmendi] As things stand, and given the country's political circumstances, do you regret having accepted the Liberal Party leadership and returned from the Colombian Embassy in Italy?

[Turbay] No. If I wanted comfort, I would say the Italian Embassy is much easier than leading the party, of course. The latter presents more opportunities for acting on society's behalf. Although it can be difficult—and I have had to face the misunderstanding of some, the disobedience of others, and the indiscipline of more than a few—it is necessary to struggle to try to lead the party to victory and rally—as has happened—the Liberal majority around the candidates who have complied with party discipline.

[Arizmendi] When will the rules of the game be known?

[Turbay] On 18 August, during a tribute to the initiator of the primary, that young Liberal martyr Luis Carlos Galan. He was the man who instituted this practice in the Liberal tradition. On that day, we will announce the guidelines and the date for the primary.

[Arizmendi] You were the president in 1981 and broke Colombia's diplomatic relations with Cuba. Fidel Castro is now in our country. Would you mind talking to him?

[Turbay] I have no interest in doing so. When I suspended diplomatic relations there were reasons for taking that step because of the Cuban Government's meddling in Colombian internal affairs. Now it seems there is no evidence that the meddling continues. The issue of course is irrelevant since the actions taken in 1993 cannot be governed by 1981 events.

[Arizmendi] That is right, but Fidel Castro has not openly condemned activities by subversive groups here in Colombia. Those subversive groups were inspired, some say (?trained), by Cuba.

[Turbay] I cannot say what has transpired since my 1981 decision.

[Arizmendi] Should Castro clarify the issue?

[Turbay] If he can, he should. It would be a big service to his host President Cesar Gaviria, who is in charge Colombia's foreign relations.

[Arizmendi] If the president had asked your advice on whether he should have invited Castro, what would you have told him?

[Turbay] That is left to the good judgment [words indistinct] of the president, who is in charge of foreign relations.

[Arizmendi] Thank you for being here.

[Turbay] It was very kind of you.

Senate Ratifies Presidential Designate Juan Manuel Santos

PA1308000393 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 12 Aug 93

[Report by Azucena Lievano]

[Text] On 11 August a majority of the Senate plenum supported the selection of Foreign Trade Minister Juan Manuel Santos as presidential designate after weeks of expressions of support, comments, lists of candidates, and signs of approval and disapproval. His confirmation was preceded by speeches, applause, and one or two comments.

Santos' election was supported by the Conservative Party, New Democratic Force, and other political groups. The results were 172 votes for Santos, two for Communications Minister William Jaramillo, one for Foreign Minister Nohemi Sanin, 19 blank votes, and 14 abstentions.

The minister said in the Oval Room that he welcomes his election with humility and gratitude:

[Begin Santos recording] I wish to voice my eternal gratitude and loyalty to the Liberal Party for trusting me. Those who said so much dignity at this juncture of my political career was excessive are probably right. More than a recognition of the past, I view this as a commitment to the future. [end recording]

After delivering his speech, the new presidential designate commented on Santosism which, according to some, was born on the day of his election. But according to Santos, it is not a new development:

[Begin recording] [Unidentified reporter] It is said Santosism was born in Colombia today. What is your opinion?

[Santos] No, Santosism has been here for a long time. [end recording]

Correction to M-19 Leader on Situation in Colombia

PA1108131293

The following corrections pertain to the item headlined "M-19's Navarro Wolff on Situation in Cuba," published in the 11 August Latin America DAILY REPORT, pages 26-28:

Page 26, column two, sixth paragraph, first sentence, reads... [Telephone interview with Antonio Navarro Wolff, leader of the 19 April Movement Democratic Alliance, M-19, by Dario Arizmendi; from the "Ultima Hora Caracol" newscast—live]... (identifying reporter)

Same page, next paragraph reads... [Text] [Arizmendi] The news of... (supplying reporter's name).

Paraguay

Wasmosy Supports Presence of Opposition in Public Posts

PY1308004293 Asuncion ABC COLOR in Spanish 11 Aug 93 p 6

[Text] President-elect Juan Carlos Wasmosy yesterday made an unexpected and positive turn with his idea of allowing non-Colorado Party members to hold high-level positions in the public administration when he announced that he did not discard the participation of opposition leaders in positions within the government structure. Wasmosy made clear, however, that there will be no opposition members in his cabinet.

Wasmosy pointed out that because there is a spirit "for dialogue" between himself and Domingo Laino of the PLRA [Authentic Radical Liberal Party], he conveyed this idea to Colorado Party President Blas N. Riquelme to start the necessary contacts to hold talks with other party leaders on the issue of governability.

Wasmosy added: "I do not want this to be interpreted as putting labels on positions such as first, second, and third class. I believe the government is a whole, and the fact that I want to take advantage of the best men from the different political institutions is a sign that I want to be the president of all Paraguayans."

He noted that this issue should be discussed at the political party level and this is why he transferred it to the appropriate area.

Asked if the Colorado Party leadership is willing to talk with the opposition on an eventual distribution of posts within the public administration, he said: "It is willing."

Asked if he maintained the idea of giving secondary level positions to opposition members as he indicated last week, Wasmosy said: "I do not want to put labels on positions and if that was the impression, excuse me for it; it was not a fortunate expression. What I want to be understood is that the government is a whole, but there will be no ministerial positions for the opposition. I do not mean by that that the ministerial position is first class and the others are second. They are all important depending on the areas of the political, social, or economic activity."

Asked if he would take advantage of Laino's "unemployed" situation, Wasmosy gave a positive answer: "If he accepts. I would not say in which position. I would like him to cooperate with my government."

Laino said the participation of opposition leaders in the new government should be the result of an institutional agreement not only between the Colorado Party and the PLRA but an agreement with the entire opposition.

Wasmosy also was asked if the Colorado Party would accept some positions being in the hands of opposition leaders. He answered: "The Colorado Party can make suggestions but I am the one who makes the appointments. Therefore, if as a result of an institutional agreement I am given two or three names, I will choose the ones I consider the best qualified."

He concluded by saying that he is not afraid of a political judgment by the Colorado Party if he did not respect or obey instructions from the Colorado Party Executive Board.

Wasmosy made similar comments in Ciudad del Este, where he went to the local court to hold a judicial audience—which was not held—with labor leader Efigenio Lisboa, against whom Wasmosy filed slander charges.

Laino Comments

PY1308010593 Asuncion ABC COLOR in Spanish 11 Aug 93 p 6

[Text] Yesterday Domingo Laino said the acceptance of posts offered by President-elect Juan Carlos Wasmosy could only be made on an institutional level through a governability pact.

The Authentic Radical Liberal Party [PLRA] leader said he was not aware that Wasmosy had voiced his desire to include opposition members in his government.

Laino commented: "All I can say is that we obviously have entered a new phase of the transition process in which it is obvious that a one-color flag in any state administration does not contribute to strengthening democracy and making the government's performance more open."

Laino added that every political and democratic organization in the country has valuable human resources, and that if the president-elect's intention is true he should give the posts to the most worthy people the country has because this will benefit his own government and the people.

The PLRA leader said: "We are, undoubtedly, already cooperating from the legislature, where we have strongly representational deputies and senators who will cooperate with all the measures designed to strengthen democracy in our country."

Laino added that the governability pact must be based on ideas and projects, not on the distribution of posts, a criteria used by the people and that can easily be followed, taking into account that it is common practice in Paraguay.

Finally, when asked whether he would personally accept a post offered by Wasmosy, Laino said he is loyal to the PLRA and it is up to the party to make that decision.

Army Commander Says No More Congress-Military Dialogue

PY1208020693 Asuncion ABC COLOR in Spanish 11 Aug 93 p 2

[Excerpt] The Army commander, General Pedro Concepcion de la Cruz Ocampos, yesterday stated that the congress-military dialogue will no longer be held to discuss the controversial Armed Forces Organizational Law. He added that the next defense minister must deal with that matter with congress. Moreover, President-elect Juan Carlos Wasmosy intends to give broad freedom to congress to decide on the controversial military law. The Chamber of Deputies will reportedly repeal the conflictive law on the Armed Forces.

Gen. Ocampos said that due to the nearness of the presidential inauguration and the many commitments contracted in advance by the commander in chief of the Armed Forces, General Andres Rodriguez, it will be impossible to hold another round of talks on the matter.

Gen. Ocampos added that the next defense minister—and according to what Wasmosy told the military commanders Hugo Estigarribia will be the next defense minister—must discuss this controversial military law with the congressmen.

With this decision, it can be said that the congress-military dialogue is hereby definitely suspended, as predicted by this newspaper some weeks ago.

We must recall that members of the Chamber of Deputies National Defense Commission had called the main Armed Forces commanders to discuss the role of the commander of military forces, which according to congressmen was created to reduce the powers of the future commander in chief of the Armed Forces.

Moreover, the agenda of talks also included the issue of depoliticizing officers who are members of the Colorado Party as a way to strengthen the democratic process.

However, the main officers rejected this proposal arguing that being a member of a party is guaranteed by the national Constitution and cannot be negotiated.

The military commanders added that the depoliticization would take place gradually because since the 2 and 3 February coup "colorado party membership" is no longer required for a military career.

Finally, these subjects were left unresolved because of the number of disagreements on setting a new date for the congress- military meeting, and so this subject will be handled by the new government administration. [passage omitted]

Call for Civilian-Military 'Harmony'

PY1308001893 Asuncion HOY in Spanish 12 Aug 93 p 9

[Text] A vehement call for "harmony" between civilians and the military was made on 11 August by President Andres Rodriguez and other military men on the eve of handing over the presidency, and at a time in which the Military Organization Law has placed a wedge between congressmen and the military.

Rodriguez, who concludes his mandate within three days, on 11 August gave two addresses in which he asked for understanding between the military and civilians. On 11 August, the chief of state put on his division general uniform for the last time in order to dedicate military works.

In saying farewell to the students of the National War College, CONAGUE, (where military and civilians study), Rodriguez expressed his delight over this integration "because if we are all equal, then I would not want to talk any more about civilians and military men. It is my desire that the Paraguayan nation as a whole should have the same feelings, the same desire to live embraced with one another like brothers. Why is it that we cannot live in harmony? What does it matter if each of us thinks a little differently?"

Moreover, a CONAGUE student, Judge Oscar Rodriguez Kennedy, speaking at Army Headquarters, told the president that he must not be concerned by the media's criticism because it simply just does not know what to disseminate. In later remarks to the press, Rodriguez Kennedy charged that there are corrupt journalists, and he harshly attacked the National Encounter Alliance and especially Deputy Luis Alberto Mauro.

But President Rodriguez expressed his "gratitude to the journalists who have contributed enormously in guiding the Paraguayan people so that they can live in peace, in harmony. Rancor and hate should be done away with for the welfare of our beloved Paraguayan nation."

The Air Force commander in chief, General Jose Cespedes Zarza, lauded the chief of state and criticized "the lies and the anguish caused by ingratitude. Those of us who believe in God have faith in his divine grace, and we resort to his infinite kindness in order to live in peace and harmony without the shadow of blind sectarianism or the anarchism of lethal revenge."

In paying homage to the Army commander in chief, General Pedro Concepcion Ocampos, Enrique Riera Jr., another CONAGUE student, said: "Today's difficult mission is that of ensuring that these artificially stagnated compartments that have been maintained for a very long time be turned into a sea of integration between civilians and the military so that together we can achieve the welfare of everyone."

Economic Agreements Signed With Germany, Hungary

PY1208204793 Asuncion ABC COLOR in Spanish 12 Aug 93 p 22

[Excerpt] Yesterday, in Asuncion, the government signed an accord designed to promote and reciprocally protect capital investments with Germany, and an agreement with Hungary. German Ambassador Heinz Schneppen voiced his confidence that the accord would solve the long-standing problem of the illegal occupation of land belonging to German colonists who have settled in Paraguay. The agreement with Hungary provides for the establishment of a citrus fruit packing plant.

The accord for the promotion and reciprocal protection of capital investments with Germany was signed at the Foreign Ministry yesterday, after three years of negotiations. The accord was signed for Paraguay by Foreign Minister Alexis Frutos Vaesken, and for Germany by Ambassador Heinz Schneppen.

Prior to these negotiations, Germany protested the occupation of property belonging to German colonists who had settled in Paraguay, and demanded the payment of market prices for the raw material supplied to the Metallurgy Industry, Inc. [Industria Metalurgica Sociedad Anonima, IMSA].

According to the accord signed yesterday, capital investments and Paraguayan companies will be granted a fair treatment in Germany, and vice versa. Moreover, the accord prohibits investments from being expropriated, nationalized, or subject to other measures with repercussions similar to an expropriation or nationalization for public purposes or interests. Otherwise, the investor will be indemnified for a value equivalent to the investment. [passage omitted]

Editorial Praises German Envoy's Remarks

PY1208012493 Asuncion HOY in Spanish 11 Aug 93 p 18

[Editorial: "To Eliminate 'Playing Dumb' and 'Ending Things in Nothing'"]

[Text] Despite the fact that outgoing German Ambassador to Paraguay Heinz Scheppen's most recent expression of friendship with Paraguay has had many repercussions in the press, it is worthwhile commenting on it and analyzing it further, because it can become a valuable reference, if we really want to improve our international relations.

At the Paraguayan-German Chamber of Commerce hall, the German diplomat—instead of resorting to the honeyed banalities of some "diplomatic" style—beat us with the whip of painful truth. He basically told us that there will be no room for us in the world if we continue to be "the country of 'playing dumb' and of 'ending things in nothing.'"

Ambassador Schneppen's crude yet stimulating language focused particularly on the crisis within Paraguayan justice, one of the most deplorable factors in the worrisome heritage of the authoritarian regime that is now over. The transition government has done very little to overcome this situation.

As the German ambassador accurately put it, our judicial branch does not lack honorable, honest, and qualified men, but in the face of a style marked by corruption and the "naked use of power"—which still prevail in our courts—able, honest judges are in a disadvantageous position.

This point should not be missed. If we really want to consolidate our young democracy, and if we really want to become reliable partners of major entities beyond our borders, it is absolutely essential and urgent to implement a deep transformation in our administration of justice.

We should once and for all build a real state of law in this country, so that justice may actually be "fast and inexpensive" and also blind, that is, irrespective of the wealth and power of an accused party, judges should try the person with due respect for human dignity, and considering only compliance with the law.

We are about to begin a process for consolidation of democracy, for which we will need—perhaps now more than ever—not only investment but also foreign assistance and aid, over which a crowd of nations are fighting in a world context in which problems multiply as funds become increasingly scarce.

According to the categorical remarks by the German diplomat, the state of law also entails respect for the right of ownership, which is trampled on whenever legally exploited properties owned by nationals or foreigners are invaded with the excuse of the social crisis.

As Ambassador Schneppen put it, it is not a matter of ignoring the serious material shortages of major sectors of the rural population. Yet foreign investment will definitely not come, and local investment will not be encouraged either, if the right of ownership is not respected. This is something that major social organizations of our country should understand.

It should also be emphasized that in the diplomatic corps accredited in Asuncion, a majority of colleagues of the Bonn representative agree with him, as was recently and once again noted by U.S. Ambassador Jon Glassman. Therefore, it is sort of an international consensus that Paraguay should seriously take into account.

We should therefore be thankful for the sincerity of Ambassador Schneppen and of his colleagues who, like him, speak clearly for the good of reciprocal relations. This may irk some people, but we see it as healthy diplomatic sincerity, which we should also exercise whenever appropriate, when faced with our international friends.

Bulgarian Political Leaders Meet Local Politicians

PY1308013193 Asuncion NOTICIAS in Spanish 12 Aug 93 p 13

[Text] Bulgarian Liberal Party Deputy Balkan Verguier and Messrs. Constantin Simeon and C. Kristo Yavalian [names as published] have held talks with opposition leaders.

The mechanisms to begin a strengthening of relations in the cultural, political, and trade spheres with our country were discussed during the meetings with the political leaders.

Paraguay's current political situation was evaluated by the local political leaders with the clear concept of pointing out the importance of international political relations in view of the current political situation being experienced in both countries.

It is known that Paraguay and Bulgaria are beginning to implement political systems of a similar nature in the social, political, and economic fields.

The Bulgarians expressed their happiness regarding the process being experienced by Paraguay, and they highlighted the value of relations between politicians and parties that have the same ideological ideas.

The Bulgarian political leaders invited the local politicians to visit Bulgaria to observe the political system currently being experienced by the Bulgarian people.

The Bulgarians also met the Colorado Party president [Blas N. Riquelme]. Riquelme's invitation to visit Bulgaria to observe its political experience was, among others, one of the main topics discussed during the meeting.

For Riquelme, this was the beginning of a series of contacts he will maintain with the Bulgarians, other Latin American parties and politicians, and the rest of the world.

In this respect, Riquelme indicated that this was the first time that he had made institutional contacts with European leaders.

Air Force Receives 'Controversial' Chilean Trainer Aircraft

PY1208180693 Asuncion NOTICIAS in Spanish 12 Aug 93 pp 8-9

[Text] The Paraguayan Air Force yesterday received the controversial T-35 Pillan aircraft, of Chilean make—12 in number—which will be used at the Pilots' Training School.

The purchase of the airplanes had given rise to a long debate in Congress over their bad record within the field of aeronautics.

Finally, with Congress's permission, Military Aeronautics Commander General Jose Cespedes Zarza himself travelled to Chile to get the planes from the Chilean National Aeronautics Company [ENAER]. President Andres Rodriguez and a considerable number of high-ranking military officials attended the ceremony to acknowledge receipt of the planes, which was held in Nu Guazu Air Base. The first speaker during this ceremony was ENAER President General Caupolican Boisset Mujica, retired, who noted that this financial operation has been instrumental in fostering the brotherly spirit existing between the Chilean Air Force and its Paraguayan counterpart.

Gen. Cespedes subsequently addressed the audience. He said that the purchase of the Pillan trainer aircraft by the Paraguayan Air Force and their incorporation into operations would bridge an enormous gap that had been open for a long time, and was adversely affecting the country's ability to train new Air Force pilots. He pointed out that because Paraguay is completely landlocked it depends on its national aeronautical capability, which entails a periodic renovation of the equipment as a means to guarantee continuity and efficiency.

Central Bank President Resigns; To Become Consultant

PY1208203593 Asuncion ABC COLOR in Spanish 12 Aug 93 p 18

[Excerpt] After heading the Paraguayan Central Bank for two years and four months, Jose Enrique Paez has resigned from office. This information was confirmed by Paez himself during talks he held yesterday with ABC COLOR following the ceremony to mark the opening of the new Finance Ministry Pensions Directorate headquarters, at which President General Andres Rodriguez was present. Asked about his resignation, Paez answered: "I am on my way to Government House to tender my resignation to Dr. Real Riera."

Paez was queried about the reason for such a decision. He noted that after having served in public administration for 40 years it was high time he retired. Upon being pressed to make a further comment, Paez added that he is contemplating working on private activities.

In reply to a question about what specific activity he will engage in, Paez said that he would be consultant to several firms, but declined to go into more detail. [passage omitted]

Pros, Cons of Paraguay, Parana River Waterway Debated

PY1308011393 Asuncion ABC COLOR in Spanish 11 Aug 93 p 10

[Text] Senator Carlos Alberto Gonzalez of the Authentic Radical Liberal Party [PLRA] reported on the debate held behind closed doors in the House of Culture [where Congress currently holds its sessions].

Asked about the meeting's results, he said: "We have deduced that within the public there still exists a very poor idea regarding the agreement pertaining to river transportation on the waterway of the Paraguay and Parana Rivers."

"The Public Works Ministry, which was represented by the State Merchant Fleet's director, is decidedly against the agreement, and it believes it is harmful to national interests. Moreover, and as appears logical, the Foreign Ministry's representative, Vice Minister Antonio Felix Lopez, believes the agreement favors national interests."

"In addition, the vice minister indicated that even though some aspects could create certain problems, in the long run it will be enormously beneficial, including the State Merchant Fleet. And he stressed that contrary to what the State Merchant Fleet representative expressed, the agreement will not be harmful to the fleet or the public or private sectors," Gonzalez explained.

The Radical congressman also indicated that the fleet's representative stated that his organization would be harmed because the agreement would generate disloyal competition on the part of other countries' fleets that would be able to enter the waterway freely, thus the Paraguayan fleet would not be able to compete.

In addition to the Foreign Ministry vice minister, Navy Captain Ruben Dario Lezcano, the Paraguayan Merchant Fleet representative; and Ricardo Dos Santos, the River Boat Yards Center president; among others, participated as guests in the meeting.

Peru

Joint Communique Issued After Bolivian President's Visit

PY1208142993 Lima EL COMERCIO in Spanish 31 Jul 93 p A4

[Text] Following the conclusion of the official activities programmed on the occasion of Bolivian President Jaime Paz Zamora's state visit to Peru, and his trip to the city of Ilo together with Peruvian President Alberto Fujimori, the Foreign Ministry Press Office has issued the following joint communique:

Joint Communique

At the invitation of the President of Peru, Alberto Fujimori, the president of the Republic of Bolivia, Jaime Paz Zamora, visited the cities of Lima and Ilo in his official capacity on 29 and 30 July.

The head of state of the Republic of Bolivia was accompanied by a retinue which included Roberto Pena Rodriguez, minister of foreign relations and worship, and Gustavo Fernandez Saavedra, minister of the presidency.

Dr. Oscar De la Puente Raygada, president of the Council of Ministers and foreign minister; Jorge Camet, minister of economy and finance; Alfonso Bustamante, minister of industry, commerce, tourism, and integration; and Dante Cordoba, minister of transportation, communications, housing, and construction, were present at the ceremony in which President Alberto Fujimori extended a warm welcome to President Jaime Paz Zamora and his retinue.

President Jaime Paz Zamora was welcomed with great amiability and a display of fraternal esteem by the Peruvian people. The Bolivian head of state visited the Democratic Constituent Congress building. Moreover, he was awarded the order of "The Sun of Peru" with the rank of the Grand Cross of Diamonds, and laid a wreath at the monument to the liberator Simon Bolivar.

In the city of Ilo, both heads of state dedicated the Peruvian-Bolivian Integration and Brotherhood Memorial, a sculpture made by the Bolivian artist Ricardo Perez Alcala, and—with a view to consolidating the special ties existing between both countries—presided over the ceremony in which:

1. They exchanged notes to establish an Autonomous Binational Agency for the Basin of Titicaca Lake-Desaguadero River-Poopo Lake-Ciopasa Salt Marsh System, a Provisional Ad Hoc Committee for the adoption and approval of a master plan, and an Advisory Board for the said committee;

2. They signed an Agreement on Amazonian Management Cooperation on behalf of their countries;

3. They signed an Agreement on Reciprocal Promotion and Protection of Investments on behalf of their countries.

Presidents Alberto Fujimori and Jaime Paz Zamora noted with satisfaction that the Ilo Agreements, together with their supplementary agreements, the establishment of an Autonomous Binational Agency for the Basin of Titicaca Lake-Desaguadero River-Poopo Lake-Ciopasa Salt Marsh System, and the Agreement on Amazonian Management Cooperation, will give rise to renewed dynamism and momentum to the relations between Peru and Bolivia. The agreements represent a change attuned to modern times, the joint tapping of natural resources and land management, as well as a definite step forward to achieving development within the framework of the pursuit of common objectives, namely friendship, cooperation, and integration.

With regard to the progress made in trying to honor the Ilo Agreements signed on 24 January 1992, President Fujimori underscored the measures and works undertaken to streamline the operation and improve the efficiency of the Ilo port. He also stressed the importance of the initial stage of the international public bidding for transferring the management of the Ilo port to the private sector on 30 October 1993, so as to be fully operational by 24 January 1994, the date which marks the second anniversary of the signing of the Ilo and 'Marshall Andres de Santa Cruz' Agreements.

To that effect, the Peruvian president reported that a special committee has been established to promote private investments in the port, and that the services of a Dutch consulting agency, 'Haskonin,' have been hired to draft a study to privatize Ilo Port Sea Terminal.

President Paz Zamora, for his part, stressed that the names of the successful bidders that will be the promoters of a free trade and tourist zone (Boliviamar) will be announced the forthcoming 12 August.

Both presidents also highlighted the importance of the significant agreements recently signed, such as the one establishing a free trade zone—currently in force, but which will be extended until 31 December 1995—and the second Binational Agreement between the governments of Peru and Bolivia for the joint furthering of activities pertaining to the fields of science and technology, and health care and promotion, which includes the development of the project on the Desaguadero Binational Hospital. The presidents also discussed whether it would be suitable to establish a binational organization for the study of the medicinal, nutritional, therapeutic, and other scientific properties of coca leaves and another one for the study and promotion of Aymara culture.

The heads of state underlined that the Peruvian-Bolivian Integration and Brotherhood Memorial symbolizes the promising joint efforts deployed by their respective governments over the last few years. Likewise, they agreed that their presence in Ilo will be instrumental, reasserting the commitment taken by both peoples to build a common future of welfare and progress for their countries based on common traits of their national identity.

Jaime Paz Zamora, the president of the Republic of Bolivia, extolled the demonstrations of affection, brotherhood, and fondness evinced by the Peruvian people, as well as the warm hospitality extended by Peruvian President Alberto Fujimori during his stay in Peru.

[dated] Ilo, 30 July 1993.

Investments Promotion Agreement Signed With Bolivia

PY1108140993 Lima EL COMERCIO in Spanish 31 Jul 93 p A4

[Report by Gladys Bernal Barzola]

[Text] The basic purpose of the agreement on promotion and mutual protection of investments signed between Presidents Alberto Fujimori and Jaime Paz Zamora at the end of an intense agenda of activities in Ilo and Lima is to strengthen the bilateral economic cooperation between the two countries for the benefit of Peru and Bolivia.

The emotion and enthusiasm that engulfed the two presidents, who did not hesitate to enter Ilo's beach with their formal clothes on, compelled them to change for the ceremony at which the documents were signed. The ceremony was organized at the Tourist Hotel.

The agreement, which has as its purpose the strengthening of the Peruvian and Bolivian economies, established favorable conditions for investments made by Bolivian nationals or companies in Peruvian territory, and vice versa.

The agreement establishes a series of guidelines for treating investments, such as a just and equitable treatment and the clause establishing the benefits of most favored nation.

The agreement also establishes guidelines for the transfer of revenues—including profits, royalties, interest on loans, and so on—which will be free whenever they are made without delay and in freely convertible currency.

The document also includes the principles of compensation in case of expropriation, nationalization, or an equivalent measure; compensations due to exceptional circumstances, such as a state of war, state of emergency, or revolution, among others; the principle of substitution; and the method for the solution of controversies, with preference for arbitration.

Regarding the agreement for Amazon cooperation, the importance of the preservation of the environment and the rational use of Amazon natural resources were taken into account for the economic and social development of the Amazon region as a whole.

The agreement allows for the incorporation of the Amazon territories into their national economies.

The aspects covered by a mixed subcommission created in 1978 were expanded to the areas of navigation, commerce, science and technology, industry, health, tourism, and other matters to be agreed upon in the future.

The document signed also considers the consolidation of the current agreements regulating bilateral relations. They include the area shared in the Titicaca Lake through a special project that has the same name, and the facilities granted to Bolivia on the Peruvian coast through the Ilo agreement.

The exchange of notes in December 1992 allowed the creation of the Binational Autonomous Authority of the Basin System of Titicaca Lake, Desaguadero River, Poopo Lake, Coipasa Salt Mine (TDPS).

Its main functions are to keep control over the harmonization of all the types of activities carried out in the basin, based on the regulations for the use of resources established in the Master Plan and to be established by the Binational Authority for the protection and administration of the ecosystem.

PRC Delegation Discusses Investment With Fujimori

PA1108191993 Lima Global de Television Network in Spanish 0100 GMT 11 Aug 93

[From the "Direct Line" newscast]

[Text] President Alberto Fujimori met on the morning of 10 August with a PRC delegation led by Liu Huaqiu, PRC vice foreign affairs minister. It was learned they discussed issues of bilateral interest.

Liu Huaqiu, PRC vice foreign affairs minister, paid a courtesy call on President Fujimori within the framework of an official four-day visit to our country. Accompanied by (Yin Zhenming), deputy chief of the PRC Foreign Affairs Ministry Latin American Section, Andean Countries Division, and two other officials, the PRC delegation was received by President Fujimori at the Grau Room in a special session. They discussed for an hour topics pertaining to Chinese-Peruvian friendly relations, but most of the time was devoted to discussing possible PRC investments in Peru.

Shortly before noon, the PRC delegation left Government Palace. They will travel on 10 August to Paraguay to attend the inauguration of the new president, which will take place the weekend of 14 August.

APRA Minister Admits 'Mistakes' in Handling of Public Funds

PY1308011893 Lima EL COMERCIO in Spanish 4 Aug 93 p A5

[Text] Abel Salinas Izaguirre, interior minister under the APRA [American Popular Revolutionary Alliance] administration, yesterday admitted that "mistakes" were made during his term in the handling of public funds for the purchase of armaments for the National Police [PNP]. He asserted, however, that these mistakes were made "taking national interests into account."

In this sense he admitted that money earmarked for the purchase of these weapons and war material had been deposited in a bank account belonging to General Luque Freire, chief of the PNP Intelligence Service.

Abel Salinas pleaded that the transaction, questioned in a Comptroller General's Office report, was carried out bearing "national interests" in mind due to the urgent need for the weapons and equipment to fight subversion.

Salinas said it was a "specific" and "incorrect" transaction of which he was aware because he himself had authorized it.

He said, however, that he was certain that every weapons purchase was carried out legally.

Regarding former Ministers Agustin Mantilla and Jose Barsallo Burga, Salinas said there might have been "dubious negotiations," but that, anyhow, proof to the contrary should be presented.

Salinas said that the war, Navy, and aviation ministers, as well as the Armed Forces commanders, the intelligence services of the three military forces, the Armed Forces Joint Command, and the National Intelligence Service under the APRA government, were aware of these purchases.

The former minister asked: "How come the corresponding documents are missing?"

Salinas made this comment to EL COMERCIO a day after appearing before the Democratic Constituent Congress commission investigating the case.

Examining Court To Decide on Fraud Case Involving General

PY1308001293 Lima EL PERUANO in Spanish 3 Aug 93 p A1

[Excerpt] Lima, 2 August 1993—Official Communique No.018-93—CSJM [Supreme Court of Military Justice]

The CSJM wishes to inform the public of the following:

1. The CSJM War Division instituted proceedings in the case involving Peruvian Army Division General Jaime Salinas Sedo (retired) and whoever turns out to be responsible for crimes of embezzlement, fraud, obstruction of justice, and others against the state (Peruvian Army) and has entrusted this task to an Examining Court of Private Jurisdiction [Vocalia de Instruccion del Fuero Privativo].

2. The aforementioned punishable crimes, the subject of this suit, were committed during the 1990 fiscal year as a result of that same year's electoral process and under circumstances in which, taking advantage of the post he held as general commander of the 2d Military Region, the defendant exerted undue pressure to be transferred a considerable amount of money that had been appropriated to the 31st Infantry Division (Huancayo) for drug enforcement operations and citizens' protection. The whereabouts of this money has not been fully cleared up yet, as the reportedly probative documents include forged documents and the use of those funds for purposes different from the ones they had been allocated for. The defendant thus has violated the legal provisions currently in force, making him liable for criminal actions provided for and penalized by the Code of Military Justice. [passage omitted]

Army Reportedly Pressures Military Justice on Salinas Case

PY1108223993 Lima CARETAS in Spanish 5 Aug 93 p 21

[From the "Underground" page]

[Text] The Supreme Council of Military Justice has again given in to the pressures from the Army General Command. On 27 July while a military parade was being held, military judge Marcos Rodriguez Huerta ordered

the imprisonment of General Jaime Salinas Sedo. To lay the foundation for it, Rodriguez had to dust off a case which the Military Justice had filed away three years ago in which General Salinas Sedo was a witness. The rage occurred a few days after a poll on power was published in the DEBATE magazine in which Salinas appears as the third most powerful man in the Peruvian Army despite being isolated and in prison. Obviously, they do not want him running around free.

Former DEA Agent Reveals Military Protection to Drug Traffickers

PY1208210793 Lima EXPRESO in Spanish
2 Aug 93 p A4

[Text] Since the time when EP [Peruvian Army] General Alberto Arciniega—who is now in Argentina enjoying asylum—was a military commander in Upper Huallaga (1990), Army units reportedly have been providing "security" for small airplanes—used by drug traffickers—operating in the area.

This becomes clear from a former DEA agent's and former policeman's report broadcast last night during the "Sunday Magazine" [La Revista Dominical] program on Channel 4.

The person involved is Augusto Del Rio, a former Technical Police agent who in 1990 decided to leave the police and become a DEA, the U.S. drug enforcement police, informer.

They Hired Soldiers

According to Del Rio, everyone in Uchiza knows that Army—and even Navy—troops were hired to provide security for drug traffickers' flights, collecting for their commanders in dollars.

The former policeman: "This even happened during the time of Gen. Arciniega." Nevertheless, Del Rio merely singled out Gen. Arciniega as one of the commanders who allegedly was aware of these events, without directly accusing him of participating in them.

Del Rio did not supply other names of military men allegedly involved in these events.

They Resold Drugs

Del Rio also indicated that sometimes the security forces themselves resold drugs seized from drug trafficking rings. He emphasized that the military units involved were able to collect up to $150,000 per flight.

Before reporting current Uchiza Mayor Demetrio Diaz as a local government official allegedly involved in this criminal activity, the former policeman noted: "In the Army, there are people involved in drug trafficking." Del Rio disclosed that Dirandro [Antidrug Division] (part of PNP [Peruvian National Police]) records include Diaz' involvement in the illegal drug trade. Despite this fact, Diaz managed to become Uchiza mayor.

The report also shows alleged secret documents, including a list of payments a drug trafficking ring reportedly made to Armed Forces personnel. The list, however, does not include names.

Arciniega

As everyone knows, Gen. Alberto Arciniega Huby sought asylum in Argentina after the Supreme Court of Military Justice [CSJM] decided in January to substantiate proceedings for Arciniega's lack of respect for a superior, following Arciniega's remarks to journalists on Army Commander-in-Chief [title as published] Nicolas Hermoza Rios.

In addition to Upper Huallaga politico-military commander, Arciniega was CSJM president in 1991, after which he went into retirement.

Police Issue Poster With Updated Photographs of Terrorists

PY1208001693 Lima EXPRESO in Spanish
30 Jul 93 p A12

[Text] With the use of a new system called "fotofit," the National Police [PNP] Criminology Directorate has produced an updated identikit of MRTA [Tupac Amaru Revolutionary Movement] leader Nestor Fortunato Cerpa Catolini, aka Evaristo, one of the 25 most wanted terrorists in Peru.

This group, which includes MRTA and Shining Path members, has been charged with betraying the fatherland, a crime which is punished with life imprisonment.

Evaristo's new identikit is printed on a poster that also includes photographs of 24 other terrorists at large.

The poster, which has been distributed nationwide, requests the citizenry to inform the Armed Forces or PNP about the whereabouts of these terrorists.

Cerpa Cartolini's fotofit shows an image quite different from the photographs the Police had so far and which have been published on several occasions in various publications.

According to the chief of police, Cerpa Cartolini now has wavy hair and a fuller face.

Among the photographs of MRTA members are those of Hilda Navarro Arteaga, aka Jenny who is a member of the MRTA national directorate; Hugo Avellaneda Valdez, aka Raul; Virgilio Pablo Vega Anton, aka Ivan or Lucho; Roger Freddy Zevallos Bujaico; Daniel Granados Raimondi; Carlos Rodrigo Rivas Salinas, aka Pedro; Jose Otoniel Cordova Vences; Guillermo Arturo Vivanco Arriaga, aka Willy; Walter Palacios Vinces; and Miguel Wenceslao Rincon Rincon or Carlos Novoa Narvaez, aka Francisco.

Vega Anton and Cordova Vences are two of the 48 who fled more than three years ago from the Miguel Castro

Castro prison through a tunnel. Palacios Vinces participated in guerrilla movements in 1965 and was one of the directors of the weekly CAMBIO that, according to the PNP, was the MRTA's mouthpiece.

The same poster also carries the photographs of 13 Shining Path members, among them eight women.

The poster shows a recent photograph of Margie Clavo Peralta, aka Eveling or Nancy Alicia Salazar Ponce, that is completely different from the old photograph the PNP had.

The other photographs are of Maria Jenny Rodriguez Neyra, aka Rita; Juana Teresa Durand Araujo; Rosa Angelica Salas de la Cruz, aka Teresa, Julia, or Ana; and Elizabeth Gonzales Otoya Santisteban.

There are also photographs of the three women who appear on the video of Abimael Guzman, who has been sentenced to life imprisonment, dancing.

The photographs of other wanted Shining Path members include Oscar Ramirez Durand; Ostp Morote Barrioneuvo; Moises Simon Limaco Huayascachi, aka Gustavo or Pedro; Edmundo Cox Beuzeville; and Carlos Alberto Hidalgo Marchan.

There are three different photographs of Limaco Huayascachi.

Libertad Movement Secretaries Resign Over Disagreements

PY1208015193 Lima CARETAS in Spanish 5 Aug 93 p 22

[From the "Undercurrent" page: "Resignatioms Within Liberty"]

[Text] The unconsulted signing of a multiparty document by Liberty Movement leaders Miguel Vega Alvear, Miguel Cruchaga, and Luis Bustamante prompted the resignation on 27 July of Liberty Movement Departmental Secretary Eduardo Bonilla, who dragged with him the resignation of more than half of the district secretaries and the support of active members from Arequipa, Cusco, and from the mid southern region.

A few weeks ago Vega and the other Liberty Movement leaders signed a communique issued by the Committee for the No option on the referendum. The communique was also signed by members of APRA [American Popular Revolutionary Alliance), PPC [Popular Christian Party], leftists, and independent movements. The position of the resigning faction of Liberty Movement does not fully reject this position but feels that Liberty Movement should act in a constructive manner seeking dialogue with the government.

Increased Jul Inflation Rate Figures Create Concern

PY1108155793 Lima CARETAS in Spanish 5 Aug 93 p 20

[Excerpt] There was enthusiasm at the beginning, but then concern came. When the National Statistics and Information Institute (INEI) early this week revealed that the July inflation rate was 2.7 percent, some economic sectors again felt uncomfortable over the inflation issue. The comfortable situation created by the June inflation rate (1.8 percent) disappeared because the new rate, with a growth of 0.9 percent, served to show that inflation continues to be a wild horse, and difficult to tame.

Furthermore, the concern was even greater because the July rate did not completely include the effect of the recent increases in bus fares, telephone service, water, and food, which would indicate that this month's rate is already close to 1 percent.

The private companies that evaluate the inflation rate did include this increase, and obtained different rates: Apoyo S.A. (3.3 percent), and Cuanto (4.1 percent). This led to speculation that there had been "fixing" of the INEI figures, but Felix Murillo, who runs this institute, denied this. He said that the differences in the figures are the results of the different methods used. To get the monthly rate the INEI compared the average prices of July with the average prices of June. In contrast, the private companies made the calculation known as "point to point" and compared the prices of the last days of July with the prices of the last days of June.

The truth is that at this stage of the road inflation is susceptible to various criticisms. One of them says that inflation should be less than the current rate (perhaps 1 percent) because three years have already passed since a harsh adjustment was made, and the cost of obtaining an average monthly rate of 3 to 4 percent is too high compared to what is gained.

The odd thing is that the government is currently carrying out a strict fiscal discipline—it is even said there is a surplus—and a strict monetary policy. What it is possibly happening is, therefore, that bad management of prices and public utilities are pushing inflation up.

The disorder probably occurs mainly in important sectors like food (a very complex group) and in public transportation. In the latter, for example, transportation fares were not readjusted gradually, and strong readjustments were made from time to time. [passage omitted]

Uruguay

General's Punishment in Spy Case Considered 'Insufficient'

PY1208203293 Montevideo Radio El Espectador Network in Spanish 0930 GMT 12 Aug 93

[Text] Official and military sources have confirmed that President Luis Alberto Lacalle has decided to punish

General Mario Aguerrondo, who will be under strict arrest for two weeks as a consequence of his involvement in an espionage case involving [Army Logistics Support Commander] General Fernan Amado.

With this punishment the government considers the case to be closed. The government has ruled out the possibility of requesting the general's compulsory retirement. Even though an Army captain has been kept under arrest until last night, no other sanctions will be imposed as a consequence of this episode.

Aguerrondo's punishment has caused surprise in military circles, where it was believed that the general's retirement was imminent.

In political circles this issue will remain under discussion. The Broad Front's bloc of senators has already submitted a request for information on this case to Defense Minister Mariano Brito.

Authoritative military sources have told the weekly BUSQUEDA that President Lacalle's decision to punish Gen. Mario Aguerrondo with two weeks' arrest, for not having reported the installation of a concealed microphone in a downtown Army Logistics Support Command office, has annoyed various generals, who describe the punishment as insufficient. The sources allowed that the seriousness of this case required imposing more severe measures against Aguerrondo. Military circles describe Aguerrondo as Lacalle's main strategist within the Army.

During a meeting of one and a half hours with Lacalle at the Libertad building yesterday, the Army commander in chief, Lieutenant General Juan Rebollo, requested more severe sanctions against Aguerrondo.

An executive branch source, however, denied that the sanctions were [words indistinct] the undercover operation that Aguerrondo ordered in late 1992, when he was Defense Ministry Information Service director.

It was noted that the sanctions were imposed because Aguerrondo failed to report the intelligence service's activities to his superior, namely Defense Minister Mariano Brito.

Another government source also described as a mistake the fact that Aguerrondo had failed to report to his successor, General Luis Abraham, about the microphone and the operation. Abraham replaced Aguerrondo, who is currently director of the School of Arms and Services, two months ago, after the disclosure of details about an unclear episode that occurred in November 1992 in the Parque del Plata beach resort—an episode that involved, as everyone knows, Chilean biochemist Eugenio Berrios and two Army intelligence officers.

Aguerrondo's punishment, which was reported yesterday by Rebollo, the arrest of two other officers involved in this operation, and a request filed by General Fernan Amado to establish a court of honor to resolve this case have been, until last night, some of the consequences of this episode. [words indistinct] a military source said the forthcoming proceedings might lead to other actions if any other violations are confirmed. The source noted that this is the first measure to be taken, but it may not be the last.

If Amado's request is approved, the court of honor will be made up of Generals Daniel Garcia [4th Army Division commander], Juan Curutchet [2d Army Division commander], and Yelton Bagnasco [Military Institute of Superior Studies director].

Argentine 'Protectionist' Measures Increasing Trade Deficit

PY1108181593 Montevideo LA MANANA in Spanish 4 Aug 93 Sintesis Supplement pp 15-17

[Excerpt] The restrictive measures on imports that have been implemented by the Argentine Government, and which effect Uruguay basically in the textile sector and to a lesser degree in the cellulose sector, signify in fact a strategy to protect internal markets that has been implemented by [Argentine Economy] Minister Domingo Cavallo to favor Argentine industry. As one of its effects, this will generate an increase in our trade deficit with Argentina—and all of this despite the diplomatic contacts that have been going on, and despite the conciliatory remarks that Economy and Finance Minister Ignacio de Posadas has made in the media.

The decision, which generated criticism in Brazil and calmer statements in Paraguay—because that country is hardly effected—has in our country provoked an adverse reaction, with some shades of difference, in the private sector, and a cautious attitude within the government according to confidential contacts.

Sources consulted by Sintesis have expressed their skepticism over the behavior of the government in Buenos Aires, as they believe that up to a certain point this jeopardizes the basic action guidelines that have been proposed to undertake the implementation of the Common Market of the South (Mercosur), and because they believe that it could generate a chain reaction if Brazil adopts similar measures, which are currently being studied by [Brazilian] President Itamar Franco and his main advisers.

With this article Sintesis intends to investigate how the various sectors of the country's economic sector will be effected by an eventual paralyzation of the region's integration process, and it will also take into account the country's desire to export. The basic interest is to evaluate how the protectionist measures that have been implemented by [Argentine President Carlos] Menem will effect our trade balance, which has been negative for us for many years, with Argentina.

A Delicate Panorama

To say that our trade relations with Argentina are not going well for us is, in principle, not very original. It is

not only a question of quotas and surcharged tariffs that have been established to protect the local industrial sector. The problem has other connotations, because this year, while the Buenos Aires government was slapping a 50 percent surcharge barrier on the exportable volume of woolen clothing, amounting to some $35 million, Uruguay's trade deficit with Argentina jumped by $20 million and was practically doubled when compared with 1992.

The Uruguayan industrial sector believes that the initiative to limit the import of textile products is the result of strong pressure applied by Argentine manufacturers, who intend to get Menem in particular to establish a precise limit on sales of industrial woolen articles.

If this barrier is put into place it will worsen the poor forecast predicted for the country, because our trade relations with Argentina cannot but be included in the bad times that our exports are experiencing. After a phase of stagnation exports are now having to face a loss of competitiveness and of foreign markets, which has provoked a significant fall in sales abroad. In the case of the textile industry, which is the sector most affected by the protectionist strategy implemented by Argentina, this process has generated a sharp fall in demand from the United States, which could have been compensated for with an expansion of sales to Argentina,—something that has now been checkmated.

A Problem With Two Faces

The negative balance of our trade with Argentina—which has now deteriorated due to the problems that must be overcome, if this is possible, by the textile industry, so that it can rechannel the export of its woolen products—is the result of two circumstances. On the one hand we have the stagnation of Uruguayan exports, and on the other hand a strong increase in imports. Both problems make it possible for our trade with Argentina to today show a negative character.

According to statistics released by the Uruguayan Central Bank over the course of the year, the trade deficit with Argentina was practically doubled, increasing to more than $20 million.

This figure pertains to bilateral trade during the first 4 months of 1993, and indicates that with comparison to a 25.3 percent deficit in 1992 we now have a highly increased deficit amounting to 43.9 percent, meaning a very significant fall in the terms of trade.

Moreover, and in truth, this reverse is not due, as one might at first place think, to a fall in exports. On the contrary, exports have had a slight increase of 1.8 percent when compared with 1992, and at the same time they have generated the country's highest income. On this occasion, Uruguayan sales have amounted to an overall value of $80.6 million, while in 1992 they amounted to $79.2 million. It is therefore easy to see that the current export situation has been very similar to 1992.

The situation concerning imports is not the same, as they grew by 19.1 percent. This is basically the cause that determined the considerable increase in the trade deficit that we maintain with Argentina. Uruguayan purchases of Argentine products amounted to $104.5 million in 1992, while this year imports have increased to $124.5 million, which, together with the stagnation in exports, has caused a $20 million increase in the trade deficit.

The export to Argentina of food, textiles, certain types of vaccines, electronic components, and spare vehicle parts has not stopped the negative tendency of our trade deficit with Argentina. Within the sphere of Mercosur this amounts to 38.8 percent of the negative trade balance that our country maintains with Uruguay's partners in the regional integration process. For the time being only one of our country's main exports to Argentina, textiles, has been effected by the protectionist policy that has been implemented by Menem. This new situation could generate losses approaching $20 million, increasing the existing trade balance deficit. [passage omitted]

Venezuela

Suspended President Perez Blames Extremists for Attacks

PA1108162793 Paris AFP in Spanish 2033 GMT 9 Aug 93

[Text] Caracas, 9 Aug (AFP)—On 9 August, suspended President Carlos Andres Perez blamed right- and left-wing extremists for the bomb attacks that have caused anxiety among Caracas residents. "We find subversive photographs that are quite different. They include leftist and rightist extremists...who incredibly have joined forces for these purposes," Perez told reporters.

Perez linked what he called "the plot against democracy" with the Supreme Court of Justice's trial against him for the alleged misappropriation and embezzlement of $17.2 million of secret government expenses.

The president, suspended on 21 May, considered it "an unacceptable insolence" for certain people to link Jaime Lusinchi, his fellow party member and former Venezuelan president (1982-89), and himself with the perpetrator of the recent "letter bombs" sent to Supreme Court magistrates. One of the "letter bombs" blew off an employee's left hand.

"I have never played with fire. I have also never played and never will play with disaster," Perez stated when he recalled "his 50-year political career dedicated to the strengthening of democracy."

Interior Minister Carlos Delgado Chapellin revealed on 7 August that 51-year-old Maximiliano Monsalve Planchart, a former Directorate of Intelligence and Prevention Services (DISIP) official and an explosives expert, was responsible for the letter bombs. An arrest warrant was issued for Monsalve, who stopped working for

DISIP in 1989, for his alleged participation in the El Amparo case, which was a massacre of 14 fishermen in October 1988. The former official worked for DISIP during former President Lusinchi's term. The Supreme Court is currently studying the possibility of holding a preliminary hearing against Lusinchi for alleged corruption in the purchase of dozens of all-terrain vehicles that were later used during the 1988 electoral campaign.

Former Security Official Denies Charges

PA1208042393 Caracas Venezolana de Television Network in Spanish 2350 GMT 11 Aug 93

[Text] Maximiliano Monsalve Planchart, a former official of the Directorate of Intelligence and Prevention Services [Disip] and a lead suspect in the letter bomb cases, flatly denied having made and sent the explosive devices. The former agent made the statement in a communique that relatives of the accused delivered to Acting Prosecutor General Ivan Badel. According to the communique, Maximiliano Monsalve is still an active Disip agent, as he continues to receive 14,000 bolivares a month for his services to Disip. He also says that his accusers are trying to implicate him because they need a scapegoat in the letter bomb attacks.

[Begin recording] [Edgar Monsalve, brother of Maximiliano Monsalve Planchart] After talking with him, we have come to point out two basic things to the prosecutor. The first is that he should investigate the fingerprints on the letter bombs, which are my brother's, because the police planted them there.

[Badel] The Public Ministry is open to the public. If he wishes to surrender, the Public Ministry will be glad to intervene and ensure his safety.

[Unidentified reporter] Were you advised that he plans to surrender within the next few hours?

[Badel] I was not advised of any such plan. [end recording]

Officials on Special Powers Law, Gas Project Law

PA1108230393 Caracas Venezolana de Television Network in Spanish 2350 GMT 11 Aug 93

[Text] A few minutes ago Congress approved in its second debate the special powers law authorizing the president to take special measures in economic and financial matters. The bill now goes to the Senate. Here is Deputy Haydee Castillo, who will describe the final terms of this draft bill.

[Begin Castillo recording] The terms were slightly modified with regard to what the government had originally sent. We believe it has been somewhat improved. This special powers law authorizes the president to levy new taxes—within limits very well defined by the government—to modify the banking law, the law on housing, the law on mortgages, to cover the pending 17 million bolivares subsidy, and to modify the law on savings and loans. Besides all of this, and what is very important, protection measures are authorized for the agricultural sector, which was severely penalized under President Perez' economic policy. [end recording]

A few minutes ago during a joint session, Congress authorized the implementation of the Cristobal Colon project. Senator Edgar Balle Balle, president of the two chamber commission that studied this project, will explain it to us.

[Begin recording] [Balle Balle] According to the majority vote in Congress, Lagoven Inc. [a Venezuelan Petroleum subsidiary] has been authorized to implement the Cristobal Colon strategic association project. Through this project, for the first time we will have access to the industrial exploitation and processing of natural gas located in northern Sucre State. From there, the gas will be liquidized for its transportation in special ships to the U.S. and European markets. Once the project starts rolling, we will be opening opportunities, for the first time, to export gas. This definitely strengthens the national petroleum industry's competitive position in the currently difficult petroleum market.

[Unidentified reporter] What will be the initial investment, and what revenues will this project generate for the nation during its duration?

[Balle Balle] The investment is estimated at $5 billion and it is expected that during the project's duration approximately $39 billion will be generated as revenues for the nation. This revenue will be from various sources not only from taxes. It will include Lagoven Inc.'s participation in the project. That sizable amount certainly justifies the implementation of the project. It is obvious that this project is not as profitable as normal petroleum projects, but it is an another option we had not taken before that we are taking now. This project seems to be a convenient way to make Venezuela Petroleum more competitive on the international market. [end recording]

Court Decides Ex-President Lusinchi Can Be Tried

PA1108131393 Caracas Venezolana de Television Network in Spanish 2350 GMT 10 Aug 93

[From the "La Noticia" newscast]

[Text] After a long series of recusations and appeals, the Supreme Court of Justice [CSJ] has decided that former President Jaime Lusinchi and Deputy Antonio Aranguren can be tried for embezzling Interior Ministry discretionary funds.

For four weeks, the CSJ was forced to postpone the vote that would decide whether Lusinchi and Aranguren should be tried. A number of legal procedures, filed by Lusinchi, who is also a senator for life, precluded a final decision, however. Between recusations and amparos, time passed at the CSJ, but a decision was finally made

on 10 August. Two probable decisions were expected in the morning, while National Guard and DISIP [Directorate of Intelligence and Prevention Services] members kept watch at the CSJ. Later, the presence of Technical Judicial Police [PTJ] members indicated that not all was well at the CSJ.

[Begin unidentified police officer recording] We moved to the area as soon as we received the warning. [end recording]

In view of this warning, the police went to the first floor, where the plenum room's secretariat has its offices, to inspect the area and defuse any explosive device, whose presence had been reported.

[Begin recording] [Reporter] Mr. PTJ Commissioner, please tell us about the results of the investigation you conducted on the first floor.

[PTJ Group chief Sotero Perez] We received a telephone warning about an explosive device. What we did is normal in such instances. We checked the area and found nothing.

[Reporter] The existence of a bomb has been ruled out?

[Perez] Yes.

[Reporter] What security measures will be taken?

[Perez] The CSJ has its own security system. We only came to inspect the premises for the bomb. [end recording]

Regarding the vote at the CSJ, Secretary Alirio Abreu Burelli said this:

[Begin Abreu recording] The proposal to try Lusinchi was voted 11 in favor and four abstentions, those of magistrates Fabian Mata, Cecilia Sosa, Carlos Padilla, and Alfredo Charner. Summing up, 11 magistrates voted yes, and four voted no. [end recording]

The decision will now be turned over to the Chamber of Deputies and the Senate so that Lusinchi's parliamentarian immunity can be lifted. The process will now undergo all required legal procedures.

Lusinchi's reaction was not long in coming. He told the media that the CSJ decision violates his right to defend himself, the Constitution, CSJ's organic law, the Civil Code, and the Penal Code. He also said that this decision is the result of personal interests and intends to fill the gap that the administration of justice often leaves open in Venezuelan society. He added that he does not think his party will turn its back on him and that this decision will be declared null and void in Congress.

[Begin Lusinchi recording] This hasty CSJ decision, an amparos filed in just one hour by labor law expert Alfonso Guzman, closes one stage of this affair, which will now be turned over to Congress. Let's see what it will decide. If Congress sticks by the CSJ's shaky criterion, the matter would be turned over to the Superior Court for the Protection of Public Property, which handled the jeeps' affair. I will defend my rights whenever necessary and will invoke every one of the recourses available to me by law. I have faith that I am right and that no arbitrariness will prevail in the end. Meanwhile, let's begin to prepare the other coming trial—theirs. [end recording]

Lusinchi does not believe in Venezuela's administration of justice. He will go to international courts to file additional recusations against those who accused him at the CSJ.